

## Large fall in inflation rate expected this month

The Treasury expected a large fall in the rate of inflation this month, Sir Geoffrey Howe said in defence of his economic policies in the Commons yesterday. There were signs that the world recession would bottom out in 1981, and business confidence was already reviving. A record number of new small businesses was expected to be set up in the United Kingdom this year.

## Confidence reviving, Chancellor says

By Hugh Noyes  
Parliamentary Correspondent

Maintaining the air of optimism generated by senior ministers in recent days, Sir Geoffrey Howe, Chancellor of the Exchequer, predicted in the Commons yesterday that the worst of the recession was over and that the Treasury expected a large fall in the rate of inflation.

The Chancellor reiterated that the Government would not be driven off its monetarist course; all else had to give way to the priority of bringing down inflation.

Opening for the Government in the first economic debate of 1981 and rejecting an Opposition motion calling for the abandonment of his "disastrous" economic and monetarist policies, Sir Geoffrey told a somewhat sceptical Commons that the Government's success in bringing down inflation was becoming increasingly apparent. Many forecasters expected single-figure inflation to be reached during the year.

Insisting that the Government must stick to its present policies and that the nation was seeing the first signs of its success, the Chancellor said that only responsible control of public spending would allow the lower interest rates that were being demanded.

There were good signs that the world recession would bottom-out in 1981, and there was already the start of a recovery in business confidence. There was also evidence, Sir Geoffrey said, that the fall in output was coming to an end and that new businesses were establishing themselves; a record number were expected in 1981.

The Chancellor said that unemployment was likely to go on rising for some time and that there was a long and difficult period of adjustment ahead.

In spite of Sir Geoffrey's sighting of a rosier future, it was soon clear from backbench interventions that there is still considerable unrest among the Conservative rank and file. At one point, when he tried to ridicule the call from Mr Peter Shore, Labour's new shadow Chancellor, for a dramatic change of policy away from

## Prior plea for closer links with industry

By Paul Routledge  
Labour Editor

The Government opened the debate on trade union legal immunities yesterday with a Green Paper that carries many proposals for more restrictions on union power but puts the likelihood of any further legislation well into the next parliamentary session.

Introducing his department's discussion paper, Mr James Prior, Secretary of State for Employment, made an unexpected plea for closer relationships between the Cabinet and organized labour.

"The continuing absence of a well defined, stable, and acceptable relationship between government on the one hand and trade unions and employers' associations on the other has contributed to damaging discussion," he said.

The minister "wants all interested parties to consider how this gap can be filled" and welcomes their views on that issue as well as on the 40,000-word Green Paper which presents a thorough discussion of all the options on trade union immunities but makes no hard and fast recommendations. Six months have been allowed for making representations to the Government.

Many of the right-wing nostrums advanced since the passage of the Employment Act, 1980, for curbing trade union militancy are damned with faint praise in the Green Paper. It concludes that without some legal protection it would be impossible for trade unions to organize industrial action without risk of civil proceedings. "The law therefore is about the nature and limits of that legal protection."

Among the proposals discussed are whether union funds should be at risk for "unlawful acts" committed by union officials and whether the law should be tightened still further.

On picketing the Green Paper is unenthusiastic about tougher measures.

The Green Paper then considers the pros and cons of the Government's taking powers to make strikes unlawful in essential services. It concludes that the experience of the Bettsinger and the 1981 proved that even in wartime it is impossible to prevent strikes altogether by making the strikers liable to criminal prosecution.

Finally, Mr Prior's department takes the discussion into uncharted territory by considering the effect of a complete shift in labour law from immunities to positive rights, including a right to strike, might have. It would be a "formidable task" to make such a fundamental change in the law and the Government is asking "a system of positive rights contribute to an improvement in industrial relations?"

The immediate reaction of Mr Len Murray, TUC general secretary, was that the Government was attempting to "exchange size ideas" so as to distract attention from its economic policies.

The CBI welcomed the document.

Green Paper, page 4  
Leading article, page 13



A Rome policeman helping Judge Giovanni D'Urso to emerge from under blankets in the car where his Red Brigades kidnappers left him bound and gagged yesterday. Report page 7

## French armed forces on alert against Libya

From Ian Murray  
Paris, Jan 15

The French Army and Navy are standing by to evacuate French citizens from Libya and Chad as relations between France and the Tripoli regime deteriorate rapidly.

The French Mediterranean fleet is on alert and ready to put to sea for Libya, although the Ministry of Defence today refused to say that any special preparations were being made.

Naval officers said all leave had been cancelled and warships were taking on board a full load of ammunition and supplies, Reuters reports from Toulon.

In the Central African Republic the French garrison, which was doubled in strength at the weekend, is ready to move into southern Chad to rescue 250 French planters.

But apart from putting the armed forces on alert, the only positive action the French Government has taken is to ask Elf-Aquitaine, the state-controlled oil company, to delay implementing its new contract to prospect in Libya.

The board of Elf-Aquitaine last night agreed to postpone the contract. The French Government is the company's main shareholder with a 67 per cent holding.

France's ambivalent attitude to Libya, however, was epitomized yesterday by the fact that a fifth fast patrol boat for the Libyan navy was launched in Cherbourg in the presence of a large Libyan delegation.

Since France roundly condemned the merger between Libya and Chad and began sending troops to Africa, the French Embassy in Tripoli has been the target for demonstrations and there is growing concern in the safety of the 1,800 French citizens working in Libya.

Colonel Gaddafi said yesterday that he would keep his troops in Chad for as long as was necessary and certainly until such time as France withdrew its troops from the Central African Republic. Any aggression against the frontiers of Chad, he said, would be regarded as an attack against Libyan territory.

Although reassured by the condemnation given by 12

African heads of state meeting in Lomé, Togo, to the merger with Chad, France still sees the merger as a real military and diplomatic setback. It means the failure of its attempt begun 11 years ago to keep Libya in the Western camp by selling it 100 Mirage jets.

Referendum move: Libya and Chad will not decide to merge their two countries before the question has been put to the people of Chad in a referendum, Tripoli radio said today.

Yesterday the Organization of African Unity condemned Libya's proposed merger with Chad and demanded the immediate withdrawal of Libyan forces—Agence France-Presse and Reuters.

Bokassa shadows, page 9

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## Taking the shine off 'little saucepan'

From Tim Jones  
Cardiff

At the risk of being censured by the Welsh Rugby Union, *The Times* is in a position to undermine one of the great weapons used with devastating effect to ensure that 18 years have elapsed since England last won at the National Stadium, in Cardiff.

When the red shirts of Wales are in full flight, pressing inexorably towards the enemy line, or when they are desperately defending their own position, their supporters lift them to greater efforts with rousing songs.

On more than one occasion 40,000 voices singing "Bread of Heaven" or "Calon Lan" have lifted the Welsh team to victory. Surely its words must reflect the very soul of Wales.

Alas, it is a confidence trick on a massive scale, its secret kept until now by the fact that it is sung in Welsh. The words of this elixir, translated, go like this:

One song, however, stands out above all others as the great battle cry of the valley men. It is "Sopsan Fach", the war hymn of the principality. As its refrain sweeps down from the great stadium on to the field, the atmosphere of even the strongest opposition.

Few things are more emotive than the sight of grown men, with tears in their eyes, standing ramrod straight and straining their lungs to sing "Sopsan Fach". Surely its words must reflect the very soul of Wales.

Alas, it is a confidence trick on a massive scale, its secret kept until now by the fact that it is sung in Welsh. The words of this elixir, translated, go like this:

Mary Anne's finger is a-hurting. And David the servant isn't well. The baby in the crib is crying. And the cat has scratched little Johnny. Little saucepan boiling on the fire. Big saucepan boiling on the floor. And the cat has scratched little Johnny.

It is rather as if the English supporters attempted to put steel into their team at Twickenham with a rousing chorus of "Mary had a little lamb."

"Sopsan Fach", of course, has a fine history, for it was penned in the last century by the notable Welsh poet, Richard Davies, whose bardic name was Mynyddog. It was performed for the first time by a student from University College of North Wales, Bangor, in 1873, to an audience of workers from Llanello on holiday in Llanwrtyd Wells, and has endured with unfading popularity ever since.

Cardiff yesterday in the unusual position of being regarded by every expert, with the exception of the 2,750,000 in Wales, as favourites to win Saturday's game. As holders of the triple crown and the grand slam, they must have an excellent chance of defeating a Welsh team depleted of its superstars and facing a crisis of confidence.

Tomorrow's game is shaping up to be a classic, and it may require more than the information that Mary Anne's finger is a-hurting to enable the Welsh to keep their home ground record against the old enemy.

## Life jail for Ulster soldiers

Two Army sergeants were jailed for life at Belfast Crown Court yesterday after they admitted murdering civilians in Northern Ireland.

Staff Sergeant Stanley Hathaway, aged 36, pleaded guilty to the murder of Mrs. Mary Byrne, a 27-year-old woman, and her 10-year-old son, John, in a house in the town of Rathfriland, Co. Down, in October, 1972.

The court was told that Mr. Michael Nease, aged 31, a farmer, and Mr. Andrew Murray, aged 24, a labourer, were snatched a total of 30 times on the farm near Newry, Co. Down, in the period between 1971 and 1972.

The prosecution had said that Mr. Nease was killed because he had been "uncooperative" with the soldiers' patrol, and that Mr. Murray was murdered because he was a witness.

A former lance-corporal, Mr. John Cheesnut, aged 32, was jailed for four years after admitting the manslaughter of Mr. Murray.

Captain Andrew Snowball, aged 27, who admitted withholding information about the killings from the police, was sentenced to one year's imprisonment, suspended for two years.

Staff Sergeant Hathaway and Sergeant Byrne were originally charged with the murder of Mr. Nease and Mr. Murray.

Staff Sergeant Hathaway changed his plea to guilty on both counts and Sergeant Byrne changed his plea to guilty of the murder of Mrs. Byrne and her son. The charge against him of murdering Mr. Nease was withdrawn.

At the time of the killings, all four men were serving in the Argyll and Sutherland Highlanders in Northern Ireland. They were arrested in June, 1973.

Mr. Justice McDermott said the four had not sought to brazen out the matter in evidence. "In my judgment, your example has been of genuine remorse." But that was no excuse.

Unmasked by conscience, page 2

## Overwhelming support for Haig nomination

From David Cross  
Washington, Jan 15

After the longest hearing of its kind in American history, members of the Senate Foreign Relations Committee today gave their overwhelming support to the nomination of Alexander Haig as Secretary of State in the proposed Reagan Administration.

Fifteen members of the committee approved the nomination, including many Democrats who were originally reluctant to endorse the most controversial of Mr. Reagan's Cabinet nominees. Only the two most liberal Democrats on the committee—Senator Paul Sarbanes of Maryland, and Senator Paul Tsongas of Massachusetts—voted against Mr. Haig's suitability.

Explaining their views before today's vote, the two dissenting senators said that in spite of Mr. Haig's impressive performance at the hearing, he had failed to restore all their doubts about his "moral commitments." This was a reference to Mr. Haig's tenure of office as White House Chief of Staff to President Nixon during the final days of the Watergate scandal.

The two senators prompted Mr. Haig to lose his temper on one occasion earlier this week when they pressed him repeatedly to spell out the rights and wrongs of the Watergate era. Regarding his composure, Mr. Haig finally conceded that on occasion that Watergate had been "stupid, illegal and immoral," but he strenuously denied any personal wrongdoing.

But even Senators Sarbanes and Tsongas conceded that Mr. Haig had the potential to be a "great" Secretary of State. Mr. Tsongas described Mr. Haig as an "extraordinary man, capable, intelligent, tough, pragmatic and with a sense of history." His disapproval should be regarded as a signal of "vigilance" about Mr. Haig's future leadership of the State Department, he said.

Other Democratic senators like Senator Alan Cranston of California and Senator Joseph Biden of Delaware seemed to agree with the country's need for a tough Secretary at the head of the State Department.

From their concluding comments today they would probably have endorsed former President Nixon's view on being told of Mr. Haig's nomination that he would make a "hell of a Secretary of State." Mr. Nixon described Mr. Haig as "the meanest, toughest, most ambitious son of a bitch I ever knew."

In fact during five long days of hearings on Capitol Hill, Mr. Haig disclosed a remarkable knowledge of all facets of foreign policy, including such relatively esoteric areas as international economics and finance. He also satisfied many of the more moderate Democratic members of the committee by appearing less hawkish towards the Soviet Union than they had originally feared.

The Secretary of State-designate summed up his views of the job at the end of yesterday's final hearing: "We all share the same objective. A strong America working with honour and grace."

Although there had been some "sharp exchanges" between himself and members of the committee during the hearings, this appearance on Capitol Hill had been "an extraordinary experience and a special education" for him.

Before today's vote, Senator Charles Percy, the Republican chairman of the Foreign Relations Committee, said that he had asked his colleague, Senator Howard Baker, who is now the Republican Majority Leader of the Upper House, to give priority to Mr. Haig when a final vote on all Mr. Reagan's Cabinet nominees was taken.

Continued on page 8, col 6

## Nine airmen saved after crash in sea

From Ronald Faux  
Edinburgh

Nine Dutch airmen were rescued yesterday after their reconnaissance aircraft crashed west of Islay, 125 miles out in the North Atlantic. The bodies of three other crew members from the naval patrol aircraft were also recovered by British helicopters.

A Mayday signal was picked up by a civilian aircraft flying between Shannon and Prestwick. The pilot of the Dutch aircraft, reported control difficulties caused by icing.

Reports suggested that the Dutch aircraft had been shadowing the Russian aircraft, carrier Kiev, which was steaming with escorts about 250 miles west of the crash scene.

An RAF Nimrod aircraft sighted two life-rats with survivors and guided two Royal Navy helicopters to the scene. The survivors were flown to hospital in Londonderry.

Photograph, page 2

## Threat of national water strike grows as further 3,500 workers vote for action

By Our Labour Reporter

The threat of industrial action in the water and sewerage industry grew last night when leaders of a large section of the membership of the dominant union in the industry voted unanimously to take action over the employers' refusal to increase their offer of a 7.9 per cent pay rise.

The General and Municipal Workers Union has about 20,000 of the 32,000 manual water workers and yesterday's vote by delegates representing about 3,500 workers in Birmingham and the West Midlands means that votes have been cast for industrial action on behalf of 8,000 GMWU members.

Other areas to vote in favour of industrial action have been the North-east and the South-west. Further regional delegate conferences are to be held next week and much will hinge on the decisions of the London and Southern region delegates.

Those areas, with the Birmingham and West Midlands region, account for about half of the union's membership in the industry. It is widely expected that those regions will also support industrial action and the National Union of Public Employees, with about ten thousand members in the water industry, is also expected to vote for industrial action.

Whether a national strike will be called will rest with the trade union negotiators who are due to meet on February 3, but there is a strong feeling among rank and file union members that the best way to prosecute the dispute would be through a national strike.

Mr. Edmund Newall, GMWU national industrial officer for water, said that yesterday's decision by Midlands delegates "clearly demonstrated that the employers' views that a stoppage was remote was both misguided and dangerously complacent."

The public must be told that the unions have been placed in this position by the blanket refusal of the employers' side to enter real negotiations.

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## Walesa union gains the Pope's support

The Pope has received Mr Lech Walesa, the Polish Solidarity trade union leader, at the head of a delegation of 15, and expressed his support for the union, emphasizing, however, that it must remain non-political.

Trade unions, he went on, "must not be the instrument for action by anyone, by any political party". The Pope concluded by recommending courage, but also prudence and moderation. Mr Walesa has accepted an invitation by West German trade unions to visit West Germany in February.

Page 8

## Iran replies to US on hostages

The Iranian reply to the latest United States proposals concerning the freeing of the American hostages was sent to Algiers, where Mr Warren Christopher, the Deputy Secretary of State was standing by. The reply has been described as definitive.

Page 8

## Civil Service unions ready for strikes

Strike plans have been drawn up by union leaders of more than 500,000 white collar civil servants in anticipation of a refusal by the Government to offer them pay rises of more than about 6 per cent. The action would include a short national strike and a campaign at government computer operations.

Page 2

## Drug man's death

Simply as a matter of business, a leading member of an international drug syndicate had to die, a jury was told at Lancaster Crown Court. The man's body, it was stated, was found in a quarry with the hands cut off and a wound in his stomach.

Page 4

## Yacht sold: A Swiss passer by bought Sir Francis Chichester's Gypsy Moth III for £30,000 on a London pavement

Page 5

## Confidentiality: New clause designed to protect journalists' sources was withdrawn when committee stage of Copyright of Court Bill opened in the Lords

Page 6

## Offer may be revived

In the hope of ending the Merchant Navy dispute, shipowners are preparing to revive their 12 per cent final offer to the seamen two days after it was officially withdrawn. The union response is that such an offer must not be diminished by arbitrary overtime reductions.

Page 2

## City election inquiry

Members of the City of London Corporation are examining election procedures for aldermen and councillors after allegations of irregularities. There is particular concern about the rule which allows partners in the largest private companies to place their vote in wards where the firms have premises.

Page 3

## Corsicans end fast

Six Corsican autonomists have decided to end their hunger strike in prison after the French Court of State Security ruled that they would be tried in their absence on charges of kidnapping and belonging to an armed band.

Page 7

## France: Electricity authority agrees to modify design for controversial nuclear power station at Flageolette

Page 7

## Classified advertisements: Appointments, page 18; Car buyers' guide, page 22

Page 22

## Why Does Your Memory Let You Down?

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WLP 60Z



## HOME NEWS

# Union leaders draw up plan for strike by 500 civil servants to challenge Government curb on pay

By David Felton  
Labour Reporter

Union leaders representing more than 500,000 white collar civil servants have drawn up plans for strikes and other forms of industrial action that would pose the most comprehensive challenge so far to the Government's attempts to curtail pay rises for public sector workers.

Broad outlines of the unions' plans encompass a short-term national strike by all the nine unions, which will probably last for one day or two half days, after which there would be a campaign of action primarily aimed at government operations.

Areas to be disrupted by longer-term selective strikes are likely to include government computer centres such as those concerned with value-added tax. Such action could have a serious effect on the Government's financial planning and the public sector borrowing requirement.

A third phase of action may be unannounced walkouts, pro-

test meetings during working time, working to rule, overtime bans and withdrawal of co-operation and good will. The programme of action is expected to start by late February or early March.

The unions have drawn up the plans in preparation for the expected reply from the Government to the union's claim of pay increases of between 15 and 20 per cent. The unions believe they will be offered about 6 per cent.

The unions have also been angered by the Government's decision to make cash limits the criterion for settling pay increases for civil servants this spring instead of the pay research exercise that compares the pay of civil servants with that of employees doing similar jobs in private industry.

Final decisions have yet to be taken, but the unions are aiming to launch a strike fund of at least £3m to finance the industrial action.

Several of the unions have large reserves and some members to raise additional finance in recognition of the fact that

action could be prolonged and costly. The two main unions, the Civil and Public Services Association and the Society of Civil and Public Servants, are to hold one-day conferences this month to discuss pay. The conferences are expected to endorse the moves for industrial action.

Pay negotiations, which the unions expect to be of a superficial nature in view of the Prime Minister's statement last year that cash limits will be the basis on which Civil Service pay increases are awarded, are expected to start early next month.

Mr William Kendall, secretary-general of the Council of Civil Service Unions, which is the umbrella body for the nine unions, said last night that the aim of the action would be to secure a reasonable settlement for this year and a settled system of pay negotiations for later years.

"I think it is inevitable that there will be industrial action by civil servants this year, and the fault will lie not with us but with the Government," he said.



One of the nine survivors from the Dutch aircraft which crashed into the Atlantic being taken to Altnagelvin Hospital, in Londonderry, yesterday. The hospital said they were doing well.

## A conscience betrayed killers

A former soldier with a troubled conscience was so horrified by a killing in Huddersfield that he gave police a tip-off in May, 1978, that led to the solving of two gruesome murder mysteries in Ulster six years earlier.

The leads pointed to soldiers of the Argyll and Sutherland Highlanders, who in 1972, the most violent year in Northern Ireland's recent history, had been camping in south-east Fermanagh.

For the man thought he recognized similarities between the murder of a prostitute Helen Rykia, in Huddersfield and the deaths of a farmer, Mr Mickey Naan, aged 31, and his labourer, Mr Andrew Murray, aged 24, in Co Fermanagh.

Police in Huddersfield passed the information he gave to Ulster detectives, who had virtually given up hope of solving the murders.

The tipster, speaking with a Scottish accent, said the killings were by men the once patrolled with in Northern Ireland. Mr Naan and Mr Murray were found dead on Mr Naan's 50-acre farm near Newtownbutler, two miles from the border with Co Cavan. Protestant extremists, avenging the killing of a part-time UDR man on a neighbouring farm, were blamed. Until the call from Huddersfield, the RUC agreed with the theory.

One of the names given to the police in Huddersfield was "Bathory", but what the tipster meant to say was "Hathaway". Staff Sergeant Stanley Hathaway, who knifed the pair after a violent argument with Mr Naan.

But it took the best part of a year and a national police search before he was caught. Eventually trapped as well were his two accomplices, who pinned Mr Murray, the only witness to the murders, to the wall.

Also caught was an officer who covered up the affair, Captain Andrew Snowball, aged 27, then a second lieutenant.

Captain Snowball had suspected that his platoon commander, Staff Sergeant Hathaway, and the other two, Sergeant John Byrne, aged 33, and Lance Corporal Iain Chestnut, were involved in the killings. But he decided not to voice his suspicions for the sake of the regiment's reputation.

According to Belfast detective, the tipster now lives in fear of vengeance by other former members of the regiment.

A senior detective said: "I am sure some of them know who he is, and as far as they are concerned he broke a serious rule and he had been under enormous pressure." He believed that the Ulster killings were connected with the

death in Huddersfield. After the young girl's death he felt he had to let somebody know.

At no time were Hathaway, Byrne or Chestnut questioned, even suspected of murders in England, the detective said.

According to friends, Mr Naan was a civil rights activist and not, as the Army had suspected, a terrorist.

In 1972 Ulster was in uproar. Sectarian assassinations were happening throughout the province and more than 20,000 soldiers were stationed there.

The Argylls camped near Mr Naan's farm for a couple of days. The night before they left, Mr Naan's body was found in a hyre and Mr Murray's in a slurry pit nearby. Both had been brutally stabbed in the heart and chest, Mr Naan 17 times and Mr Murray 13.

Then, more than five years later, detectives got their first real lead.

The Ulster detectives worked with two Army Special Investigation Branch men, who produced a list of more than 300 names of Argylls who had served in Ulster.

With the exception of Chestnut, who was working as an assistant oil rigger, the other three were still in the Army. Hathaway, then serving in West Germany, told his interrogators: "I did the killings. I killed them. I have been having nightmares about it."

## Retired headmaster wins libel action

Newspaper allegations about thrashings at Hawtreys, the boys' preparatory school in Wiltshire, were monstrous and untrue, Mr Justice Stocker was told in the High Court yesterday.

Mr Michael Goodeve-Docker, headmaster of the school, said: "There was a huge fuss last year when he (Mr Roderick Llewellyn) said the course of a woman's magazine article that he had been beaten at prep school until the blood ran down his legs. Critics said that this was obviously untrue."

"In fact it was true... if children were now thrashed in the way Roddy and I were, they would be taken away from

the school and those responsible might even be prosecuted. At Hawtreys the beatings were performed by the then headmaster, Mr Michael Goodeve-Docker."

Counsel said the newspaper unwisely relied on Mr Llewellyn's assurance that that account was true and accurate. They now recognized it was quite untrue.

Mr Charles Gray, for the newspaper, said they published the article in good faith on Mr Llewellyn's assurance that it was accurate.

Mr Desmond Browne, for Mr David Llewellyn, apologized and said he accepted that the article was untrue.

Mr Roderick Llewellyn, had been at school at Hawtreys and he alleged that they had both been thrashed.

Mr James Price, for Mr and Mrs Goodeve-Docker, of Rectory Road, Burnham-on-Saund, Somerset, said that the newspaper article on January 27 stated: "There was a huge fuss last year when he (Mr Roderick Llewellyn) said the course of a woman's magazine article that he had been beaten at prep school until the blood ran down his legs. Critics said that this was obviously untrue."

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## Mr Foot's challenge on rise in tax 'take'

By Fred Emery  
Political Editor

Realization that unchanged tax rates can mean an increase in the tax "take" by the Government at last dawned yesterday on Mr Michael Foot, Leader of the Opposition, and other Labour MPs.

The report in *The Times* on Tuesday explaining that likelihood as a result of the Government's determination not to raise the rates of personal income tax had earlier been used by Mr Foot to mount Mrs Margaret Thatcher over possible "leaks". He then took it to mean "that there is to be no increase in income tax in the next Budget".

Yesterday, Mr Foot, newly apprised of the Government's position at question time in the Commons, agreed that the Government had, in spite of income tax cuts, increased the overall real burden of taxation since it came into office.

Mr Thatcher did not have to agree, since the fact had been stated by Mr Nigel Lawson, Financial Secretary to the Treasury, in his speech at Zurich on Wednesday, which she praised as "intelligent".

The Prime Minister remarked that there had been no increase in personal income tax; the Government had increased its "take" in indirect taxes.

However, a group of Labour backbenchers belatedly discovering from Tuesday's newspaper reports that the Government was contemplating not raising personal allowances in line with inflation protested that that was "as straightforward a tax increase as it is possible to have".

Indicating, perhaps, their own initial reading, they chose to complain that the headlines over the reports had been misleading. A Commons early day motion sponsored by Mr Austin Mitchell, Labour MP for Grimsby, asserted that *The Times*, the *Financial Times* and the *Guardian* "appear to have been victims of government news management on a massive scale... using headlines, repeated extensively by the BBC, giving the impression that the Government have ruled out personal income tax increases".

In fact, *The Times* headline read "Personal tax rates to escape Budget increase".

## Radio-linked motor cycles to speed PO mail service

By Our Business News Staff

Twenty small Japanese motor cycles will take to the streets of London in the spring to herald the latest service being launched by the Post Office.

The corporation, faced with the need to compete with the private sector and the host of dispatch riders operating in London, is trying to beat them at their own game.

The "Motor Cycle Express" post, using radio-controlled machines, is intended to provide collection within 30

minutes of a telephone request, and delivery within two hours, throughout the London area. The radio will enable customers' requests for collection of mail, parcels, and motor cycles to be relayed to the Post Office.

The announcement is the latest in a series of moves designed to make the posts and giro side of the Post Office more competitive with the services which the private sector will be allowed to offer after legislation has been approved by Parliament.

## Public hearing possible for Nationality Bill

By Our Political Correspondent

Mr Francis Pym, Chancellor of the Duchy of Lancaster and Leader of the House of Commons, yesterday agreed to consider a request that the Nationality Bill, which has come under attack by immigrants' and civil rights groups, should be the subject of the new procedure being introduced by the Government.

As an experiment the House has decided that selected Bills should be subject to an open examination before the committee stage begins.

The standing committee appointed to examine the Bill

would hold three sittings, where individuals and organizations could put their views. Those views would be taken into account when the committee considered the Bill.

Mr Michael Foot, Leader of the Opposition, has argued that the Nationality Bill is a constitutional measure and that therefore all stages must be taken on the floor of the House. But as a "fall-back" position many Labour MPs say that the Bill should be the subject of the new public hearing procedure.

Mr Pym will give the Government's view after he has taken soundings among MPs of all parties.

## Business vote plan aired

By Our Political Editor

The question of restoration of the business vote in local government elections was reopened yesterday by the Prime Minister, somewhat to the mystification of ministers.

Mrs Margaret Thatcher, at question time, ventured that "the rating system is under review", and that the lack of a vote for businesses and commerce "certainly needs having a look at".

The Conservatives have for years been talking about

abolishing the rates system yet circumstances and time have always thwarted them.

Mrs Thatcher said to curb her enthusiasm by admitting that the party's manifesto had not indicated that the rates could be abolished during the lifetime of this Parliament.

Ministers could not immediately explain the Prime Minister's reference to a review. They explained that the Government's economic inheritance from Labour had made it impractical to contemplate the reform in this Parliament.

## Shipowners may revive 'final' offer

By Paul Routledge

Shipping employers are preparing to revive their 12 per cent "final" pay offer to union leaders of the striking seamen only two days after it was officially withdrawn.

That was made clear yesterday by senior negotiators of the General Council of British Shipping, who were responding to suggestions in the media that the offer might prove acceptable to the National Union of Seamen if it was reshuffled.

But officials of the NUS were sceptical about such an offer would be accepted unless it could be proved that at least 12 per cent would be paid, and not partially clawed back by arbitrary reductions in overtime aboard ship.

The hint of a shift in the employers' attitude came after a meeting of the general council's industrial relations committee, when the shipowners' chief negotiator, Mr Roderick McLeod, said: "We do not rule out the possibility of a return to 12 per cent in future pay negotiations."

Meanwhile, Mr James Slater, general secretary of the NUS, told a mass meeting of seamen in Hull that the dispute would end if the shipowners were prepared to go to arbitration.

The employers, while ready to reopen talks about the possible distribution of their 12 per cent offer, insist that the offer is final.

New Orleans—A British grain carrier, *Federal Clyde*, remained anchored in the Mississippi yesterday, her 16 seamen on strike and her officers refusing them access to hot food.

The crew said officers raised the anchor and manned the wheel without the assistance of seamen. The captain, a Scot, told after they had declared a full strike that galley stoves were out of bounds. The captain was said to have cancelled an order for steaks listed in provisions.

—AP.

## Steelmen reject BSC 'survival plan'

By Our Labour Editor

Steelworkers in the industry's largest union are understood to have voted "No" to the British Steel Corporation's "survival plan", involving 22,000 redundancies.

Unofficial but reliable reports from the Sheffield area last night indicated that South Yorkshire steelmen, who are among the most militant, had registered a 73 per cent rejection of the closure programme in a ballot conducted by the Iron and Steel Trades Confederation (ISTC).

That result ties in with reports filtering in from other steelmaking areas that despite acceptance of nearly 1,000 job cuts at Port Talbot and Llanwern last week, the steel workers are showing loyalty to the union rather than to Mr Ian MacGregor, the corporation's chairman.

The outcome of a rival ballot of the entire BSC workforce is due to be announced soon and the corporation expects that it

will show a majority in favour of its package of job and production cutbacks.

On Tuesday's television *Eye* programme last night, Mr MacGregor said that if the survival plan did not succeed then the industry would face "very substantially harsher decisions" by the middle of this year. The industry had not been efficient until recently.

The Sheffield ISTC sources said that 73 per cent of local steelmen had voted against "proposition two" of the union's ballot, which asked: "Do you endorse the corporate plan, which will create at least 22,000 further redundancies?"

They had also voted against the corporation's proposal of a voluntary pay freeze until July 1, followed by 7 per cent wage rises.

Reports from other steelmaking areas with less firm figures have supported that general outcome, which will pose a serious dilemma for the British Steel management.

## Workers end restrictions

From Ronald Kershaw  
Sheffield

Workers at one of Sheffield's leading special steel and engineering companies have taken the unusual step of calling an end to shop floor restrictive practices. They hope to help the company through the recession and at the same time avoid redundancies.

The management of Firth Brown, which has welcomed the move, believes that the new attitude will bring in work when orders are low.

The initiative came from the company's joint shop stewards committee, which obtained an agreement at a mass meeting for a ban on almost all operating restrictions among the 400 men in the company's machine shop.

Firth Brown employs 4,500 people and similar measures in the forge and hot working departments are being arranged for next week.

The machine shop decision will mean cooperation on work sharing, flexibility of working to ensure orders are met and an end to spinning out tasks to avoid short-time working.

Mr Jack Illingworth, the shop stewards' chairman, said last night: "We want to foster a better attitude of mind and create a greater awareness of the acute situation the industry is in."

"Restrictive practices have crept in over the years. We are asking the man who has an order to work on, to get it through, even though some of his workmates may be laid off."

## British group plans £1,730m Channel rail tunnel

Tarmac Ltd, the Midlands-based construction company, emerged yesterday as the first organized to submit detailed plans to the Government for building and operating a Channel tunnel financed by British and foreign private interests.

The company, which is working in association with the merchant bankers, Robert Fleming, expects that its scheme could be completed by the year 2000 and would cost £1,730m at today's prices.

Based on the Channel tunnel scheme suspended in 1975, the proposals outline the construction of a two-track rail link between terminals near Folkestone and Fretton, near Calais.

The scheme would enable the first trains carrying passengers and goods to be operating within 10 years through a single rail tunnel.

The final phase of the project would involve the addition of a second tunnel on the other

side of the service tunnel to allow for two-way traffic.

Mr Eric Pountney, chief executive of Tarmac, said yesterday that discussions held with "various organizations in France and elsewhere on the Continent" confirmed their interest.

Tarmac's scheme is considerably more expensive than the favourite project which has yet to be submitted to the Government by British Rail and its French counterpart. That envisages a single-track rail tunnel, costing about £800m.

Apart from the advantages of two-way traffic, Tarmac says it will not be seeking any public funds.

Mr Norman Fowler, the Secretary of State for Transport, has made clear that the Government will not provide any money.

Mr Fowler is expected to approve a scheme before the end of the year.

## MPs' concern about buyer for 'The Times'

A group of Conservative and Labour MPs last night formally expressed their concern that *The Times*, *The Sunday Times* and the weekly supplements might be sold to an owner "already in possession of substantial press holdings".

A Commons early day motion was tabled last night and is sponsored by Mr Philip Whitehead, Labour MP for Derby, North, and Mr Jonathan Aitken, Conservative MP for Thanet, East. It said:

"This House is concerned that *The Times* newspaper should not be sold to a buyer already in possession of substantial press holdings, thus further diminishing the plurality of ownership and diversity of opinion in Fleet Street; calls for any such bid to be subjected to stringent examination by the Monopolies Commission; and declares its support for the sale of *The Times*, *The Sunday Times* and the supplements to owners who maintain the cultural freedom and independence from other press empires."

## Councils 'defying education Act on handicapped'

By Diana Geddes  
Education Correspondent

At least half of the education authorities in England and Wales may be breaking the law by failing to provide education and training for all handicapped people aged 16 to 19 who request it, the Advisory Centre for Education (ACE) said yesterday.

That local authorities have a duty under the Education Act, 1944, to make education and training provision for all 16 to 19-year-olds who want it, including the handicapped, has come to light only because as a result of a parents' action group, formed to fight Oxfordshire's decision because of spending cuts to cease providing education beyond 16 for the county's handicapped.

Last June the group appealed to Mr Mark Carlisle, the Secretary of State, to use his powers to compel the authority to carry out its duty under the law. The Department of Education and Science has told them that it was still making inquiries into the Oxfordshire authority's plans.

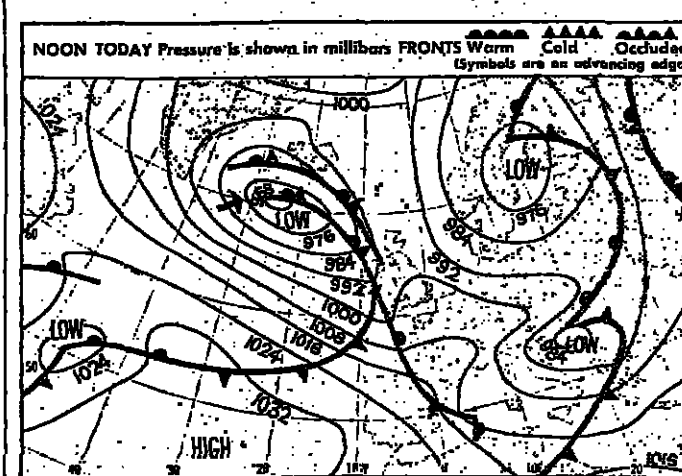
The parents have also written to their local MP, Mr Michael Heseltine, Secretary of State for the Environment, asking for his help. He told them it was up to the (individual) authority to decide how they were to achieve the spending cuts required.

Mr Timothy Brighouse, chief education officer for Oxfordshire, has agreed to meet a public meeting organized by the group next Wednesday.

He has written to the group saying that the education committee and the officers were sympathetic to the needs of mentally handicapped young people, and that they hoped to come to a solution for them in all parts of the county "as soon as money is available".

The advisory centre has written to special schools for the mentally handicapped and to education authorities asking if such provision was available for all handicapped young people who requested it.

## Weather forecast and recordings



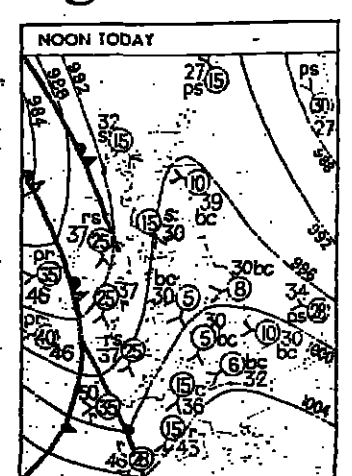
**Today**  
Sun rises: 7:39 am  
Sun sets: 4:23 pm  
Moon sets: 3:45 am  
Moon rises: 1:15 pm

**Full moon:** January 20.  
Lighting up: 4:53 pm to 7:28 am.  
High water: London Bridge, 9:48 am, 6:40 pm, 10:40 pm, 5:58 am, 10:58 pm, 3:40 pm, 11:00 pm, 6:56 am, 5:58 pm, 7:42 pm, 5:58 am, 1:54 am, 1:54 pm, 2:26 pm, 6:58 pm, Liverpool, 7:27 am, 8:00 pm, 7:57 pm, 8:30 pm, 11:00 am, 3:30 pm, 11:00 am, 3:30 pm.

Troughs of low pressure will move E across Britain. Apart from snow showers in NE Scotland, most places will start dry, with bright or sunny periods in central and E parts.

Forecasts for 6 am to midnight:  
London, SE, E England, East Anglia: Dry at first with sunny intervals, becoming cloudy, with sun, 6:40 to 10:40 pm, 5:58 am, 10:58 pm, 3:40 pm, 11:00 pm, 6:56 am, 5:58 pm, 7:42 pm, 5:58 am, 1:54 am, 1:54 pm, 2:26 pm, 6:58 pm, Liverpool, 7:27 am, 8:00 pm, 7:57 pm, 8:30 pm, 11:00 am, 3:30 pm, 11:00 am, 3:30 pm.

Central S, NW, central England, Midlands: Dry and bright at first, cloud spreading E with sleet or snow, turning to rain before clearing in evening; wind S, light, increasing to fresh or strong evening; W, max temp 3° or 4° (37° or 39°F).



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## Only £2849<sup>†</sup> in spite of inflation.

Did you think you'd have to pay over £3,000 for a hatchback as advanced as the Fiesta? Or otherwise settle for a second hand car?

Well, you don't any more. Because now Ford introduce the Fiesta Popular.

The Popular has all the engineering features that make the Fiesta so economical. And all the space that makes it so comfortable.

But in spite of inflation, you can buy one new for only £2849<sup>†</sup>. So it's extraordinary value for money. It actually costs less than any comparable car.

But then Ford have always done their utmost to keep the cost of motoring in check...

## Spend less on petrol.

The Popular has the Fiesta's advanced 957cc (40BHP DIN) engine.

So although it has plenty of get up and go, it knows how to conserve its energy.

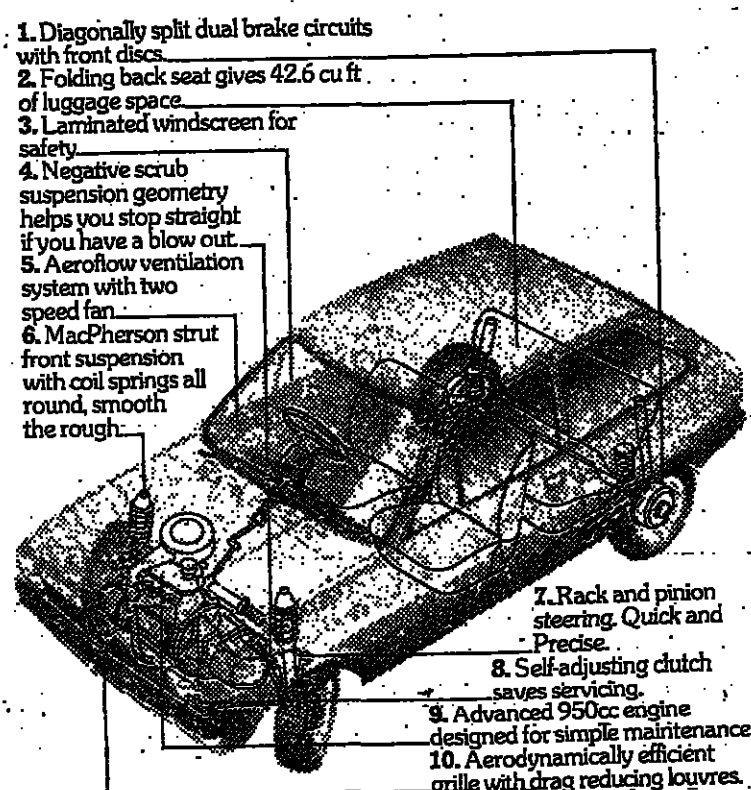
Maximum speed is over 80 mph\*. And, at a constant 56 mph, a gallon of two star will take you over 50 miles\*.

## Spend less on service.

Soon after it was introduced the

original Fiesta won a Design Council award for low cost of ownership.

The Popular has all the same mechanical components that contributed to that award. Like the self-adjusting clutch. And brakes that can be checked for wear without removing the wheels.



It goes 12,000 miles between standard services with only a minor service at 6,000. Its parts are moderately priced and the

car is simple to repair so insurance premiums are usually very competitive.

And the body is protected by a 19 stage anti-rust treatment which includes total immersion in anti-corrosive paint and wax injection into doors and box sections.

This naturally helps keep resale value up.

## Enjoy more space.

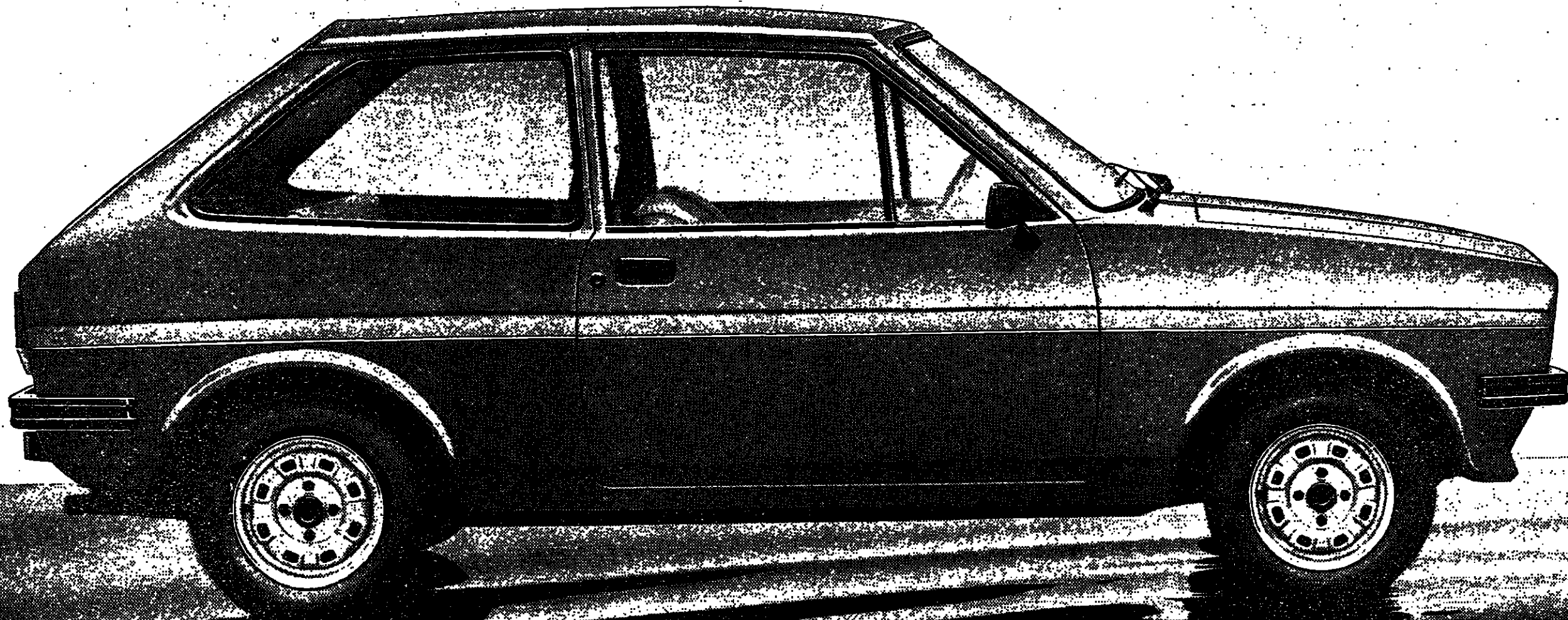
Like all Fiestas, the Popular is either a very roomy four seater or a simply huge two seater.

Its luggage capacity with its back seats folded is 42.6 cu ft and a low rear sill makes it easy to load. With so much space to stretch out in, and with coil springs all round, you'll be very comfortable.

If you'd like a little extra equipment, there's also a Fiesta Popular Plus which has such additional attractions as a rear package tray, rear screen wash/wipe, cloth trim and a centre console with clock.

And if you'd like a little extra protection, you can ask for Extra Cover - Ford's optional warranty. It takes over when your first 12 month warranty expires. One year extra costs £48<sup>††</sup>, two years costs £96<sup>††</sup>.

Both Popular and Popular Plus are at your Ford dealers now.



# The new Fiesta Popular.

## £2849<sup>†</sup>

FIESTA POPULAR













## PARLIAMENT, January 15, 1981

# Tax burden has increased but with shift to indirect taxation

House of Commons

The Prime Minister indicated that the agreement with the Opposition on the Finance Bill, which was agreed with the Opposition on the Finance Bill, was a significant step towards reducing the tax burden on the economy.

Mr. Michael Foot, Leader of the Opposition (Edinburgh, Lab), said that the Government's policy of increasing indirect taxation was a failure.

Can she tell us from the heart of the Government—whether it is a good idea or a bad idea—that the Government is not going to increase the tax burden on the economy?

Mr. Thatcher: I cannot disagree with the Opposition's speech. The Government's policy is to increase the tax burden on the economy, but to do so in a way that is fair and equitable.

## Recent events form salutary lesson for Bill on contempt

House of Lords

There were a number of cases in which warrants had been issued for people who had fled jurisdiction and on which the press had commented. The Government's policy of increasing indirect taxation was a failure.

Lord Widdowson (L) moved an amendment to Clause 3 (Defence of contempt) of the Bill, which was agreed with the Opposition on the Finance Bill, was a significant step towards reducing the tax burden on the economy.

The starting point was that in the time of the Bill, the Government's policy of increasing indirect taxation was a failure.

The amendment provided that where a publisher could show that although proceedings were active he had reasonable cause for believing that the proceedings were not imminent, the strict liability rule would not apply.

Lord Mischon (Lab) said he resisted the amendment. Many peers felt in principle that it was right that the press should be free to report on the activities of the Government.

Peers knew of an event, and he did not intend mentioning names.

## Attorney General's consent

The Government would consider the Attorney General's consent to the Bill, which was agreed with the Opposition on the Finance Bill, was a significant step towards reducing the tax burden on the economy.

Lord Elwyn-Jones (Lab) moved a new clause (Consent of Attorney General) which proposed that proceedings for contempt of court should not be instituted without the consent of the Attorney General.

He said in practice the Attorney General, who was involved in most contempt of court matters, would be in a position to give the necessary consent.

## Metric 'Hansard' brings some filing problems

There were a number of cases in which warrants had been issued for people who had fled jurisdiction and on which the press had commented. The Government's policy of increasing indirect taxation was a failure.

Lord Mischon (Lab) asked—In view of the awkward and inconvenient situation created by the version of the Official Report of the House of Commons, which was agreed with the Opposition on the Finance Bill, was a significant step towards reducing the tax burden on the economy.

Lord Soames, Lord President of the Council, said that the change to the new A4 size paper was a necessary step towards reducing the tax burden on the economy.

Lord Mischon—The dimensions of the new style Official Report are such as to make it difficult for the House of Commons to get it through the House of Commons.

## Irish MEPs oppose rugby tour

European Parliament

A move to have an emergency debate on a motion urging the Irish Rugby Football Union to call off its tour of South Africa was defeated during noisy exchanges.

The motion, tabled by the Socialist Group and signed by a number of other MEPs, including 15 from the Republic of Ireland, expressed concern at the damage to the Republic's international standing and image at the time of the tour.

It noted that the Irish Government had condemned the tour and called on it to consider all possible sanctions in the event of its being cancelled.

Mr. John Hume (Northern Ireland, Soc) said that the fact that 15 Irish MEPs had signed the motion was a significant step towards reducing the tax burden on the economy.

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# Country on road to ruin: Opposition demand new policies

House of Commons

The Government's economic policies were imperiling the country, the Opposition said. The Government's policy of increasing indirect taxation was a failure.

Mr. Foot: I have a chance of reading the whole speech. The Government's policy of increasing indirect taxation was a failure.

Mr. Thatcher: I cannot disagree with the Opposition's speech. The Government's policy is to increase the tax burden on the economy, but to do so in a way that is fair and equitable.

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# Chancellor says it would be crazy to change course now worst is over

House of Commons

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increasing spending on industrial assistance had the prospect of a substantial improvement in the stock relief scheme.

There had been a useful discussion at NECD last week on economic pricing for energy and there was no dispute that there should be no departure from the policy on economic pricing.

At the meeting it was agreed on all sides by the CBI and the TUC that it was right to set the price for energy at the market economic price and that was what the Government was doing.

In the last decade employment costs of all the major nationalized industries had risen much faster than the change in the rest of the economy.

It was important to do everything possible to make these industries more competitive and efficient. The Government was doing this by increasing the price of energy.

The Government was accepting costs, sometimes huge, for restructuring those industries to improve their efficiency in the future.

Industry was being given the help it needed by the Government, was recognizing the case for helping itself and was achieving great success in reducing its own costs by bringing down the costs of pay settlements.

The main manufacturing settlements in the new pay round were under 10 per cent and the Government was determined in the public sector to keep pay well below the private sector.

That was why it had set the 6 per cent pay cap for local authorities.

The problems that had taken years to develop could not and would not be solved overnight. The Government must stick steadily to the policy of reducing costs and improving productivity.

There was nothing by way of alternatives to hope for from the Labour Party.

Under this Government (he said) we are now seeing the first signs of success. Inflation is falling; many sectors of the economy are recovering themselves; companies are tackling problems they have ignored for far too long.

We should do nothing to betray the confidence of the workers and of industry by changing course now. (Conservative cheers and Labour protests.)

## Workers terrified of losing jobs

Labour Party or the Tory Party

Mr. Tony Benn (Bristol, South Labour) said that the Government's policy of increasing indirect taxation was a failure.

Mr. Foot: I have a chance of reading the whole speech. The Government's policy of increasing indirect taxation was a failure.

Mr. Thatcher: I cannot disagree with the Opposition's speech. The Government's policy is to increase the tax burden on the economy, but to do so in a way that is fair and equitable.

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to finance the expansion of our industry.

If they went for a planned reconstruction of their industries and public services that would mean not a policy of the market but a policy of the state.

Labour would not compensate again for public assets that had been hired off. If there had been a running down of public education, health, housing, and other services, Labour would bring them back.

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# Britain cannot reflate herself out of a world depression

House of Commons

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more to help British industry.

Other countries with higher standards of living than Britain's should be able to help British industry.

Mr. John Major (Hampshire, C) said that the Government's policy of increasing indirect taxation was a failure.

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Dr. David Owen and others which was completely different to that of Mr. Michael Foot.

The Opposition from bench appeared to believe that Britain's serious economic problems could be solved by a dose of old-fashioned reflation.

Between 1977 and 1979 the Labour Government allowed the public sector to borrow and spend as much as it wanted.

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## Business vote in elections

House of Commons

The omission of business and commercial issues from local government elections needed looking at in the review of the rating system, Mrs. Margaret Thatcher, the Prime Minister, said during questions.

Mr. John Birt (Lichfield, Lab) said that the Government's policy of increasing indirect taxation was a failure.

Mr. Foot: I have a chance of reading the whole speech. The Government's policy of increasing indirect taxation was a failure.

Mr. Thatcher: I cannot disagree with the Opposition's speech. The Government's policy is to increase the tax burden on the economy, but to do so in a way that is fair and equitable.

## Debate on energy policy

House of Commons

The main business in the House of Commons will be: Monday: Criminal Attempts Bill, second reading. Greater Manchester Bill, second reading.

Tuesday: European Assembly Elections Bill, remaining stages. Water Bill, second reading.

Wednesday: Debate on transport policy. Thursday: Town and Country Planning Bill, second reading.

Friday: Private members' motions.

## Parliamentary notices

House of Commons

Today at 9.30: Private members' notices on the power of select committees and on the handling of letters.

House adjourned, 8.29 pm.







## OVERSEAS

# The Pope warns Mr Walesa that Poland's independent trade unions must remain non-political

From John Earle  
Rome, Jan 15

The Pope today gave his support to the Polish independent trade union organisation, Solidarity, telling Mr Lech Walesa, its leader, that the union's foundation had been an event of great importance but that it must remain non-political in character.

Receiving a Solidarity delegation of 15, the Pope said he had heard with joy of the approval "in our homeland" of its statute two months ago.

There did not exist, "because there must not exist, a contradiction between such a social initiative by working men and the structures of a system which looks on human labour as fundamental to state and social life".

After stating that the events of last autumn had been directed against no one, the Pontiff went on: "The activity of trade unions does not have a political character, but it must not be the instrument for action by anyone, by any political party, so as to concentrate, in an exclusively and entirely autonomous manner, on the great social benefit of human

labour and of the men of labour."

He concluded by recommending courage, but also prudence and moderation, which "are required by the well-being and peace of our homeland".

The audience was the high point in the seven-day visit ending on Monday by Mr Walesa and the other union leaders. They were invited as guests of Italian trade unions, but Mr Walesa made no secret that his main interest was to see the Pope.

The audience began at 11 am with a 25-minute private meeting between the Pope and Mr Walesa in the Pope's library. Then Mr Walesa's wife and stepfather—who has come from the United States—were introduced briefly, followed by the other 14 members of the delegation. The last part of the audience, which lasted altogether an hour and a half, was a public ceremony in the Hall of the Consistory.

Here speeches were made. Mr Walesa speaking, without notes for three minutes, said: "We are not, and never will be, a political group. Political affairs do not interest us. We are interested in the rights of

man, the right of faith, for its free proclamation and confession."

The audience ended with an exchange of gifts and with all present singing in Polish the national sacred song "God protect Poland".

Yesterday the delegation visited the Benedictine Abbey of Monte Cassino, the war cemetery where General Wladyslaw Anders, the Polish commander, and many of his troops lie buried, and the earthquake-stricken town of Avellino. For the rest of their stay, Mr Walesa and his companions are in the hands of the Italian trade unions.

German invitation: Mr Walesa has accepted an invitation to visit West Germany in the first half of February, a spokesman for the West German trade union federation DGB, said today. (Patricia Clough writes from Bonn).

The DGB invited Mr Walesa and his representatives, unlike trade union delegations from other western countries, were refused visas to enter Poland. The refusal has not been explained, the spokesman said.

Leading article, page 13



The Pope embraces Mr Lech Walesa as he kneels during a private audience at the Vatican.

## Warsaw transport strike called

From Dossa Trevisan  
Warsaw, Jan 15

Amid increasing official warnings that the process of renewal promised by the Communist Party can be threatened if pressures continue, the Warsaw branch of Solidarity trade union organisation has called a four-hour public transport strike in the capital for tomorrow. It is meant as a warning to the authorities not to punish the workers who stayed away from work last Saturday.

At the same time, the Warsaw Solidarity leaders have expressed willingness to negotiate and consider the Government's argument about the needs of the economy, insisting, however, on the principle of a five-day week to be guaranteed by legislation.

It was against this background that the Communist Party leaders yesterday issued a new warning at a meeting of party committees from main industrial plants.

The meeting was chaired by Mr Stanislaw Kania, the party leader, and the speakers left no doubt that the authorities were hardening their views and accusing Solidarity of unwillingness to cooperate, and stirring

up unrest over the five-day week.

There are signs that the Solidarity leaders are finding it more and more difficult to restrain their rank and file. This is particularly so in the provinces, where the local leaders complain of strong official pressure.

Occupation strikes are continuing in the provinces, and Solidarity leaders to restrain the militants. This, in fact, was the message conveyed from the party meeting by Mr Kazimierz Barcikowski, a Politburo member regarded as a moderate reformer. He said that anarchy and continuous pressure obstructed and threatened the programme of reforms. All such attempts against the stability of the state would be resisted by the party.

Mr Barcikowski accused provincial Solidarity leaders of trying to exist organized pressure on the authorities and the militant groups in the Solidarity national leadership of overstepping the union's statutory prerogatives. This, he said, was "extremely dangerous", as there could be no dual authority in Poland.

Mr Grabski, a Politburo member in charge of economic reform, said the Government's proposal of alternative solu-

tions of the five-day week controversy was the only sensible one in the present difficult economic circumstances. He accused Solidarity of irresponsibility stirring up tension. This, he said, was a "trial of strength".

The Government has gone a long way in trying to avoid confrontation on this issue. It has proposed two free Saturdays in a month on the basis of a normal eight-hour working day. As an alternative, it proposed a five-day week but with the working day lengthened by half an hour. The unions rejected it outright, and accused the Government of going back on its promise.

Obviously, the troubles in the south of Poland, as well as the tension aroused by the uncertainty whether the Government will accept the demand for four million workers who stayed away from work last Saturday, are not creating a propitious climate for talks.

The party is seeking ways of reforming itself and Mr Barcikowski indicated the line the reforms were likely to follow. There would be a free debate within party cells, but once decisions were taken they would be binding. There was also a promise of more genuine elections within the party

organization with a choice of candidates, but there was no place in the scheme for pluralism.

The Politburo as well as the executive are subject to control, and a reform in the party apparatus would allow more mobility of staff. The terms of office would be limited on all levels. The Polish party membership has reached three million, and there would now be an emphasis on quality.

The attempt to inject democratic principles into party life is, however, limited. Mr Barcikowski left no doubt that he struggle within the

party ranks was equally against conservative elements—that were still hoping that the party apparatus would soon recover full control, as well as against liberals clamouring for far-reaching reforms to give the rank and file a real influence on the leadership and policies.

Western aid: Talks on Western financial aid to Poland, which had been expected tomorrow, will take place in February to allow time for the Reagan Administration to be installed in Washington, informed sources said in Paris today. —Reuter.

## Mr Carter proposes 5% defence rise

From David Cross  
Washington, Jan 15

President Carter today proposed a defence budget totalling about \$184,000m (\$78,767m) for the forthcoming financial year, which is in line with his longstanding promise to increase military spending by 5 per cent a year in real terms.

The request for an increase of more than \$23,000m over this year's defence spending reflected a "careful balance between the need to meet all critical defence needs, while maintaining fiscal restraint", he said in a message to Congress, which will have a final say over the budget.

This year, because Mr Carter is leaving office, the budget will also be open to modifications by the incoming Administration of Mr Ronald Reagan before it comes under the close scrutiny of members of Congress. Mr Reagan has already made it clear that defence spending will be one of the areas of government spending in which he will be particularly interested, and for that reason today's figures should not be taken too seriously.

In his message to Congress, Mr Carter made what was probably an oblique reference to Mr

Reagan's likely influence on defence spending. "There will be advocates for higher defence levels, but after careful review I do not believe that higher spending would add significantly to our national security."

Mr Carter said that the defence budget was designed to meet three main requirements: to improve personnel recruitment and retention, to enhance combat readiness, and to modernise America's armed forces.

He said that he had recently approved the "largest pay and benefits increase in history, totalling about \$4,500m and representing an increase in 'average compensation' of 16 per cent. Our armed forces can be no better than the quality of the people who serve in them," he said.

Other funds in the budget should alleviate shortages in critical spare parts and inadequate funds for training, Mr Carter believed. These were the main sources of readiness problems.

Finally, the outgoing President was proposing "major investments" to enhance substantially the capabilities of America's armed forces.

Economy, page 17

## 'Watergate shadow' will stalk Mr Haig

Continued from page 1

nominations was taken by the full Senate next week.

He was confident that formal approval for the Secretary of State nomination would be forthcoming shortly after Mr Reagan was sworn formally into office next Tuesday.

After today's overwhelming vote in the committee it is now a foregone conclusion that Mr Haig will be supported by the full Senate. However, a continuing, albeit small, question mark will continue to hang over him probably for many months.

This is because the committee agreed, in deference to the wishes of some of its Democratic members, to seek information on the 100 hours of tape recordings involving Mr Haig and Mr Nixon during the final days of Watergate.

The committee issued a subpoena for the material last weekend but, because of objections from Mr Nixon, the transfer of the tapes from the national archives where they are stored is expected to get bogged down in a long legal wrangle. The committee wants the indexes to try to determine whether any of the conversa-

tions held in the Oval Office of the White House are relevant to Mr Haig's suitability as Secretary of State.

However, it may well be that the committee never obtains the material it wants. In earlier court cases, Mr Nixon has usually been successful in barring outside access to most of the tape recordings.

Trade ambassador: Mr William Brock, chairman of the Republican Party, was appointed Special Trade Representative today, one of the final Cabinet-level posts to be filled by Mr Reagan.

As Special Trade Representative, Mr Brock will serve as the new President's personal representative in foreign trade matters and will hold the rank of ambassador.

Mr Brock, aged 50, a political moderate, was given much of the credit for helping to unite the party behind Mr Reagan to secure his landslide electoral victory last November. But his actions in broadening the party's appeal made him unpopular with right-wing Republicans who unsuccessfully sought to oust him from the party leadership. —Reuter.

## 'Definitive' Iranian reply to US on hostages

Tehran, Jan 15.—The Iranian reply to the latest United States proposals concerning the liberation of the American hostages here was transmitted today to Algiers where Mr Warren Christopher, the Deputy Secretary of State, is standing by.

The American proposals were brought here on January 2 by the Algerian officials acting as intermediaries between Washington and Tehran. There had been several recent exchanges of messages between Iranians and Americans via Algiers before today's reply, which was described here as definitive.

Mr Muhammad Ali Rajai, the Iranian Prime Minister, and Mr Behrad Nabavi, the negotiator over the hostages, visited Ayatollah Khomeini today, raising speculation that they were seeking his approval of a deal to free the hostages.

Diplomatic sources said that Mr Rajai was expected to announce a deal within the next day or two but that the 52 Americans were unlikely to be freed before Mr Ronald Reagan became President on January 20.

The Carter Administration was no longer insisting on tomorrow as a deadline for Iran to respond to the latest American counter-offer for the hostages' release, the sources said. This appeared to indicate that Mr Reagan had agreed to honour any deal based on the Carter Administration's bargaining with Iran.

Today's visit by Mr Rajai and Mr Nabavi to the ayatollah was reported tersely by the official news agency. The spiritual leader's approval is always sought on important issues.

Apparently because he was with the ayatollah, Mr Nabavi was unable to receive the ambassadors of West European countries and Japan who delivered a Note of Congratulation to the new President. The Note had been drawn up to support President Carter's moves to end the crisis, one diplomat said.

In Washington a State Department spokesman said that the Iranian reply was a "substantive response" to the latest American position delivered 13 days ago. "Until we have an opportunity to evaluate the Iranian response, we cannot predict whether it will enable the parties to resolve their differences," the spokesman added. —Agence France-Presse and Reuter.

## Israeli police clamp down on Druze after murder of Bedu politician

From Christopher Walker  
Jerusalem, Jan 15

This week's brutal murder of Sheikh Muhammad Abu Rabia, the first Bedu elected to the Knesset, has focused political attention on Israel's most colourful minority.

Although gradually — and often reluctantly — adapting to the changing circumstances of the twentieth century, the Bedu still cling proudly to the desert traditions, styles of dress and ways of life. "The camel may have given way to the Peugeot van in many instances, but the tribal customs are still largely intact," an Israeli academic said.

One of the most revered traditions is the concept of the "blood feud", and as a result, heavy police reinforcements have been drafted into villages in northern Galilee inhabited by another minority sect, the Arab Druze. A number of Druze—including a lieutenant in the Israeli Army—have been arrested in connexion with the killing, and the courts have banned the publication of their names in an effort to avoid reprisals.

Shahid Abu Rabia was leader of the dominant tribe in the Negev, the barren desert region where some 40,000 Bedu are now concentrated. Others live in Galilee, but most have forsaken nomadic habits for a more conventional existence.

Most Bedu who are citizens of Israel, have traditionally voted for the opposition Labour Party, to which Shahid Abu Rabia was affiliated, but in recent years they have become increasingly driven to radical politics as the result of a bitter dispute with the present Government over tribal rights.

The dispute has been centred on a large tract of Negev land at Tel Malkia, a spot destined to become one of the new Israeli air bases to replace those in Sinai due to be handed back to Egypt under the Camp David agreement.

Over 5,000 Bedu live on the land, some in black goat-skin tents and others in shacks. Renowned both for their fierce tribal rivalries and great

hospitality, they have until recently kept their distance from other Israeli Arabs.

"We Bedu are not concerned about the Palestinian problem", explained Dr Yunis, a Bedu doctor, who is another prominent member of the Abu Rabia tribe. But he added that the policies of the present Israeli coalition government were alienating the Bedu by treating them as "second-class citizens".

The Negev Bedu are angry that they have been given much lower compensation than that offered to Jews being forced to evacuate settlements in Sinai. They are also resentful at attempts to force them into soulless new townships, rather than allow them sufficient alternative land to continue an agricultural existence.

Explaining the changing attitude among the desert tribesmen, Shahid Abu Rabia said not long before his murder: "The Bedu is a patient man and is ready to compromise on everything. But he cannot forgive those who take his land."

## Ousted Turkish MPs to be denied return to power

From Our Correspondent  
Ankara, Jan 15

General Kenan Evren, the military head of state, announced today that a constitutional assembly would be formed in Turkey some time between "next August 30 and October 29".

On the first leg of a three-day tour of Turkey's southern provinces, General Evren told thousands of people gathered in the main square of Konya, 180 miles south of Ankara, that politicians who were ousted by the September 12 Army coup would not be allowed "to once again control the destiny of Turkey".

These politicians, he said, had "soiled" the country, and the National Security Council (which he heads) were now "cleaning up".

The politicians, instead of saying "Thank God for their (the Security Council's) presence", were waiting impatiently saying, "When are they going to go?" General Evren said. "They soiled—well cleaned up. Now they want us to give them back the clean pot so that they can dirty it again."

This would not be allowed and no former party members would be included in the new constitutional assembly.

He also promised that communism, fascism, separatism and religious fanaticism would not be allowed in Turkey. This was the second step in

the plan for a return to democracy in Turkey announced by General Evren after he seized power last September in the bloodless coup—after nearly three years of economic instability and political anarchy—he promised the creation of a civilian government (set up nine days after the coup), a constitutional assembly, the promulgation of a new constitution, and general elections.

Today's much-awaited announcement does not, however, signify a return to democracy at this stage, as the security council will retain control over laws enacted by the constitutional assembly.

The council, which was and will continue to be until the autumn, the only body empowered to enact laws, will then assume the powers "of a senate," as it is called in the new constitution.

General Evren's Council amendments to laws proposed by the constitutional assembly would be final.

In his widely applauded speech, General Evren also underlined that he had chosen to make this announcement in Konya, one of the traditional centres of religious conservatism in Turkey.

It was there, early last September, groups of religious extremists demonstrated against the Turkish national anthem and displayed banners insulting the secular republic. The demonstration, senior generals said later, had been "one of the last straws" which precipitated the military coup.

## UN staff hold day's hunger strike over jailed woman

From Laurie Nadel  
New York, Jan 15

Some 30 staff members of the United Nations Secretariat held a day's hunger strike today in front of their cafeteria, carrying placards reading "Free Alicia now" and "When one of us is in prison, none of us is free". They urged hundreds of staff members to sign a petition calling for the release of Miss Alicia Wesołowska, a secretary of the United Nations development programme, who is imprisoned in Warsaw.

Their action followed a report that Miss Wesołowska has been refusing all food and water for a week to protest at the manner in which she has been treated by the Polish authorities since her arrest on August 10, 1979, when she was visiting her family en route to a new posting in Ulan Bator, Mongolia.

After six months' interrogation, family members reported that she had lost a great deal of weight, some hair, and had

temporarily suffered loss of movement in her legs. She was sentenced to seven years' imprisonment for espionage by a secret military tribunal last February, charged with "spying for a Nato power".

Miss Wesołowska, in a statement said to have been smuggled out of prison last week, complained that she had been detained without evidence, that gossip and legends had been presented against her, and that she had never admitted her guilt, although reports in the Polish press stated that she had.

On Monday, Dr Kurt Waldheim, the United Nations Secretary-General, discussed the case with Mr Donatiz Błinski, a Polish delegate to the United Nations. According to United Nations officials, Mr Błinski said that the Poles intended to release her.

The Secretary-General expressed anger because the Polish authorities have been repeating this assertion for the 17 months of Miss Wesołowska's detention.

## General strike hits Peru

Lima, Jan 15.—Peru's trade unions staged a 24-hour general strike today in protest at recent food and fuel price increases averaging 48 per cent.

Shops, factories and many banks and businesses closed in Lima and the provinces. Police in Lima used water cannon and tear gas to disperse strikers. —Reuter.

## Power failure in Mexico City

Mexico City, Jan 15.—Millions of people were stranded in cars and public transport vehicles today as Mexico City was without electric power during the rush hour.

Unofficial sources blamed a power failure at Infiernillo, one of Mexico's main hydroelectric power plants for the blackout. —AP.

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Export/Investment Opportunities  
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The growth rate for Mexico's G.D.P. is forecast at 83% for the two year period 1979-1981. Imports will have grown by 136% and net direct foreign investment by 157% for the same period. In excess of \$15 billion will be spent this year on continuing oil exploration and production and the increasing oil revenue will further stabilise the economy allowing development of the private sector. A wide-ranging increase in imports is

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This conference will provide senior executives and decision makers with an up-to-date picture of the Mexican business environment together with an assessment of current trade and investment opportunities open to European commerce and industry in Mexico's boom economy.

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The Rt. Hon. Lord Chalfont, P.C., O.B.E., M.C.  
Former President, Hispanic & Luso Brazilian  
Council, Canning House

### Speakers will include:

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Chairman, British Overseas Trade Board  
Dudley Fishburn,  
Executive Editor, The Economist

Leonard M. Mayer,  
C.B.E., Chairman, Lefo y Mayer S.A., Mexico

Jose Alvarez, Vice President for Development,  
ALFA Industrias, Mexico

Cecil Parkinson, Esq., M.P., Minister for Trade  
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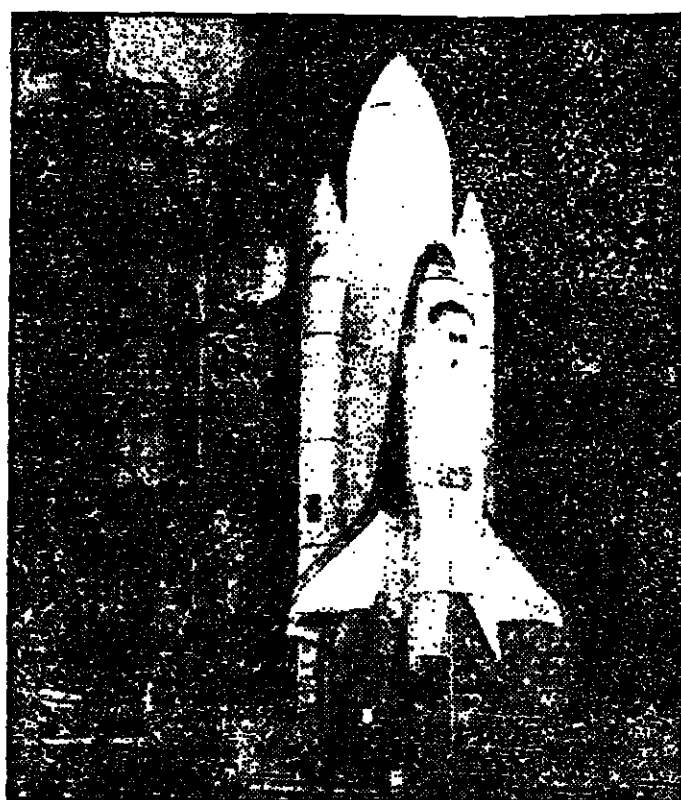
### BOOKING FORM

The conference fee is £100, exclusive of VAT but inclusive of all refreshments, luncheon and full conference documentation.



## FOREIGN REPORT

## Another setback fuels criticism of American space shuttle



The first space shuttle, awaiting final tests

Tomorrow the first two critical tests will ascertain whether the much-vaunted space shuttle can be launched on March 17—three troubled years overdue—as the world's first reusable space exploration craft.

Yet the snags which have dogged the project since its inception in 1972 are continuing. Last week a simulated countdown had to be aborted seven minutes before "liftoff" because of a fault in the computer programme, made up of thousands of instructions to disengage ground support systems before firing.

This is less serious than the radical problems experienced with the engines and heat shield and officials hope that it will not push back the launch date. It will, however, reinforce critics' scepticism of the project's ultimate viability.

The remaining two tests are a proving run of 54 hours, this safety system will not be installed.

In two tests last year, fire broke out in the engines. Since then, two more test runs have been successful, raising hopes that the fault has been cured.

The other main problem has been with the 30,761 tiles stuck to the exterior of the craft to prevent it burning up when it reenters the Earth's atmosphere. The tiles, on average 6in square, are formed from a lightweight silica fibre compound made from sand and able to withstand 2,300°F.

In appearance, they resemble the polystyrene packing commonly used for delicate equipment.

After being cemented to the skin of the craft, some tiles were found prone to cracking under pressure. All of them had to be removed and replaced by injection of a binding material 0.1in thick—a costly and time-consuming process.

If a tile were to become cracked or dislodged in flight, the craft and its crew would surely be lost. A system has been devised by which crew members can repair them in space, but there has been controversy because in the first flight, the shuttle will have no spare tiles.

Mr Richard Young, a spokesman at the space centre, pointed out that the two pilots had not complained. They are Commander John Young, who has made four space flights including one to the Moon, and Commander Bob Crippen, a first-timer.

He explained the delays as "teething problems" in a revolutionary engineering concept

and made the point that the programme had been less liberally funded than previous space exploits, notably the Apollo moon missions.

"If a problem developed with Apollo you threw money at it and it went away", he said.

The shuttle, by contrast, is the product of a less extravagant era. Whereas former spacecraft were one-shot vehicles, each of the four shuttles under construction is designed to make up to 100 journeys into space and back.

It is, in a sense, the reverse of normal technological advance: as though the throw-

away plastic razor had been invented first, the type with changeable blades only later.

It has cost \$8,800m (£3,700m) so far, compared to the Apollo programme's \$25,000m. When completed, it will be used to lift into space satellites and other hardware which would otherwise have needed expensive single-use rockets of their own.

Among the first bits of equipment it will carry is a giant space telescope which will greatly increase our knowledge of the universe.

The occasional privileged passenger with a professional interest in space will be able to go along for the ride. The shuttle will transport the European space laboratory and its accompanying scientists into the heavens.

"The shuttle is essentially a truck", Mr Young said. "Once functioning it should be no more romantic than an air liner."

The first of them, Columbia, the size of a small commercial jet, rests on its launching pad next to the Atlantic Ocean, embracing by its giant, cigar-shaped fuel tank and two peach-coloured rocket boosters. The tank will be ejected and will self-destruct when the craft goes into orbit, but the rocket casings will parachute back to Earth to be reused.

Its mission completed, the craft will reenter the Earth's atmosphere, and lower its wheels and land on an airstrip like a conventional aircraft. It will only reenter gravity since its engines will have no fuel—landing like a glider.

Once launched, it will herald an age of sensibly-priced space journeys, the Sir Freddie Laker of the cosmos. But if its persistent teething pains delay it further, it could prove another of the recent blows to American self-esteem. The triumph of the first Moon-landing was more than 11 years fading in the memory.

Michael Leapman

## OVERSEAS

## Little evidence to back up claim that 100 armed men landed in El Salvador to help guerrillas

From Christopher Werner San Salvador, Jan 15

There seems to be little evidence to back up the announcement by the El Salvador authorities that 100 armed men landed by boat at an isolated beach near the Nicaraguan border.

The announcement, which was endorsed by the United States Ambassador to El Salvador, coincided with a statement from Washington that military aid would be resumed to the Central American country.

Government sources in El Salvador said the armed men arrived late on Tuesday afternoon and fought a battle through the early hours of Wednesday with troops taken from the garrison at the port of La Unión.

However, by 11 am when journalists arrived, only about 300 heavily armed soldiers were to be seen—all looking exhausted. They claimed they had walked 30 miles in a search-and-destroy operation that followed the discovery of the landing.

There was a burnt-out Toyota, a pickup truck in a ditch with its windshield shot out, and just the odd gun shot, but no body, no guerrillas, and no captured arms to be seen.

An officer said his troops had already buried the 52 guerrillas who had been killed. There were no prisoners either. "These people are anarchists, a fight to the last bullet", the officer said.

The remark is typical, but almost certainly false. If these "invaders" had been foreigners, allegedly Nicaraguans, one might have expected the officer to keep the prisoners alive for propaganda purposes.

The lack of evidence suggests that if many of the rebels were killed in a four-hour battle, as the authorities claim, they were not proved to be foreigners.

This is not the first report of landings from Nicaragua. A commander in El Salvador, the Coastguard has had periodic

information of small open boats landing in threes and fours throughout the year.

What is most important perhaps is that the United States Government has long claimed that "they" are the Salvador guerrillas being supplied with arms from abroad.

Money for weapons: The weapons used by the guerrillas fighting in El Salvador are bought on the open market and are American, Belgian or Israeli, the European representative of the El Salvador opposition said in London today (our foreign staff writes).

Father Luis de Sebastian, a former vice-rector of the Roman Catholic University in San Salvador, said that there were no Russian weapons in the hands of the guerrillas.

The money for the weapons had come originally from ransom payments paid for kidnappings. He mentioned the two British bankers, Mr Ian Massie and Mr Michael Chatterton, who were kidnapped from November, 1978, to July, 1979.

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## President of S Korea puts politics first

From Jacqueline Reditz Seoul, Jan 15

South Korean politics entered a new phase today when President Chun Doo-hwan announced that he would contest next month's presidential election and lead the new government Democratic Justice Party (DJP).

The party nominated Mr Chun as its leader and presidential candidate at its inauguration ceremony held in the huge Chamsil gymnasium in Seoul.

The President told an audience of about 9,000 party members and invited guests: "I am now a politician, whether I like it or not, because I have accepted the party presidency and the party nomination as well."

Last April, Mr Chun told journalists that the South Korean military would never meddle in politics and was quoted as saying: "I have no interest in politics." But by September he had resigned from the military and been inaugurated as President. In October he promulgated his new constitution, dissolving Parliament and all former political parties.

A nationwide purge over the past six months has eliminated most of the potential opposition. More than 500 former politicians have been banned from politics for eight years.

Some 57,000 people have been detained and many have been sent to "reeducation" camps as part of a scheme to combat corruption and crime.

Student demonstrations have been quickly and severely suppressed and the news media have been streamlined and subjected to greater government control.

President Chun said that order and stability had been restored, the presidential election would be held in February and a general election would be brought forward to March or April.

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## Doubts on timing of Bill over Canada

By Our Political Correspondent

In a written Parliamentary reply yesterday, Mrs Thatcher said that between the end of August and January 10 she received 2,223 letters from Canadian citizens about the patriation of the Canadian Constitution.

Mr Francis Pym, Chancellor of the Duchy of Lancaster, said that in the House of Commons, is still in doubt about the timing of the request for endorsing legislation from the Canadian Parliament.

It arrives in March, after the Finance Bill is on its way through Parliament. It may be too late to get the Canadian Bill through during the present session of Parliament.

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## Supreme Court throws out Bandaranaike appeal

From Our Correspondent Colombo, Jan 15

Three judges of the Sri Lanka Supreme Court today dismissed with costs the applications of the former Prime Minister, Mrs Sirimavo Bandaranaike, and her nephew, Mr Felix Dias Bandanaika, the former Finance Minister, for a writ of certiorari quashing the findings of the special presidential commission, which found Mrs Bandaranaike guilty on six charges of misuse of power and one of corruption.

The commission recommended they should be deprived of their civic rights.

Parliament by special resolutions deprived Mrs Bandaranaike and her nephew of their civic rights for seven years and also expelled Mrs Bandaranaike from Parliament.

Mrs Bandaranaike lost her seat in the 1977 general election. Mrs Bandaranaike and her nephew claimed in their applications last October that the commission's hearing and findings against them were against the principles of natural justice.

The three judges in their order today said that they had not gone into the allegations made by the petitioners against the commission and had therefore formed no view whether those allegations were well founded. Costs were fixed at 1,050 rupees (about £25).

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## Bokassa shadow creates a dilemma

France last week reinforced its military presence in the Central African Republic in response to Libyan activities in neighbouring Chad. Marines were flown to Bangui to join about 800 French troops already stationed at an army base 100 miles from the border with Chad. This was done to emphasize France's support for its African partners in the face of what is seen as the threat of a coup d'état.

The anti-addiction treatment centre has set up a residential clinic in the countryside which can treat up to 700 people at a time. Alcoholics, all volunteers, are taught to relax without alcohol. The Minister recommended that job references include a statement of drinking habits.

The press has called for the fine on illegal home-distilling of vodka, now widely drunk in the countryside, to be increased to 1,000 roubles (£637).

There are many cases of restaurants and shops near schools and colleges selling drink to minors to increase their turnover. The Minister of Justice has said that this was a particularly dangerous offence, but last year the courts punished only about 700 people for enticing juveniles into drinking.

Attempts are being made to go to the USSR to revive the old custom of entertaining guests with tea. The Ministry of Education has sent booklets to help teachers with temperance lectures.

Persuasion is backed with stiffer punishments for persistent drunkenness in an effort to reduce public tolerance of drunks. Ridicule has long been used to shame people into sobriety—drunks picked

up by the police have cartoons drawn of them in caricature, which are then pinned up on street notice boards. Drunks are warned at their places of work about their behaviour and criticized at party meetings and by workmates at informally convened "comrades courts".

It is now suggested that the coveted vouchers to holiday resorts should not be given to drunks. Heavy drinkers may also be expelled from the Komsomol (the Communist Youth League) and have been recommended that job references include a statement of drinking habits.

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any of the death sentences handed down in the earlier trials.

There is a widespread feeling that the President has been deliberately dragging his heels because many of the leading political figures in the Central African Republic were deeply involved in the excesses of the Bokassa regime. The reticence of witnesses at the Bokassa trial, while understandable, will merely fuel the suspicion about several leading politicians.

President Bokassa, however, is in a real dilemma. His main supporter and ally is France and the French Government has no desire for extra details about the Bokassa trial to emerge. French authorities have no wish for the known friendship between President Giscard d'Estaing and Mr Bokassa, nor the question of diamond gifts, to be raised again before the forthcoming French presidential elections.

France, with its military presence in the Central African Republic and with technical experts and advisors in nearly all ministries, is in a good position to see that the republic is heavily dependent upon French financial assistance.

The budget deficit, likely to be at least 14 million CFA francs (about £25,000) this year, will be half covered by France. France pays for all communications links (including post and telephones) and the outside world, French companies have a virtual stranglehold on the Bokassa sector and France's subsidies cover at least a quarter of the Government's monthly salaries bill.

President Bokassa has announced a time-table for planned constitutional changes. There will be a referendum before the end of this month on presidential elections by the end of March, and legislative and municipal elections by June.

In addition, the President accepted, if unwillingly, that

there should be a multi-party system. He had made it clear he wanted his own Democratic Union of Central Africa to be the single party for at least two or more years.

Within a week of the decision, two more political parties had been formed and there are at least two others likely to be ready to contest elections. The most important among possible opponents for President Bokassa is Mr Henri Maidou, his former vice-president.

Mr Maidou was sacked by President Bokassa in July last year because he publicly advocated a multi-party system. He has now set up his own Republican Progress Party and established close contacts with the trade unions.

In mid-November, the President appointed a new Prime Minister, Mr Jean-Pierre Lebourdais, a 36-year-old technician, who was half-French. Mr Lebourdais is formerly Minister of Planning, has made it clear that it will be necessary to cut back on inflated staffing policies in state companies and government ministries,











Mark Bonham Carter examines the flawed record of a controversial area of government

# What is wrong with the Home Office?

Is the Home Office by its very nature accident prone? It is not necessary to look back to the days when Mr Henry Brooke was Home Secretary, only to reflect on the record over the last two and a half years when the Home Office has continued from time to time to trip over its own feet or alternatively, by simply doing nothing, to find itself ambushed by events.

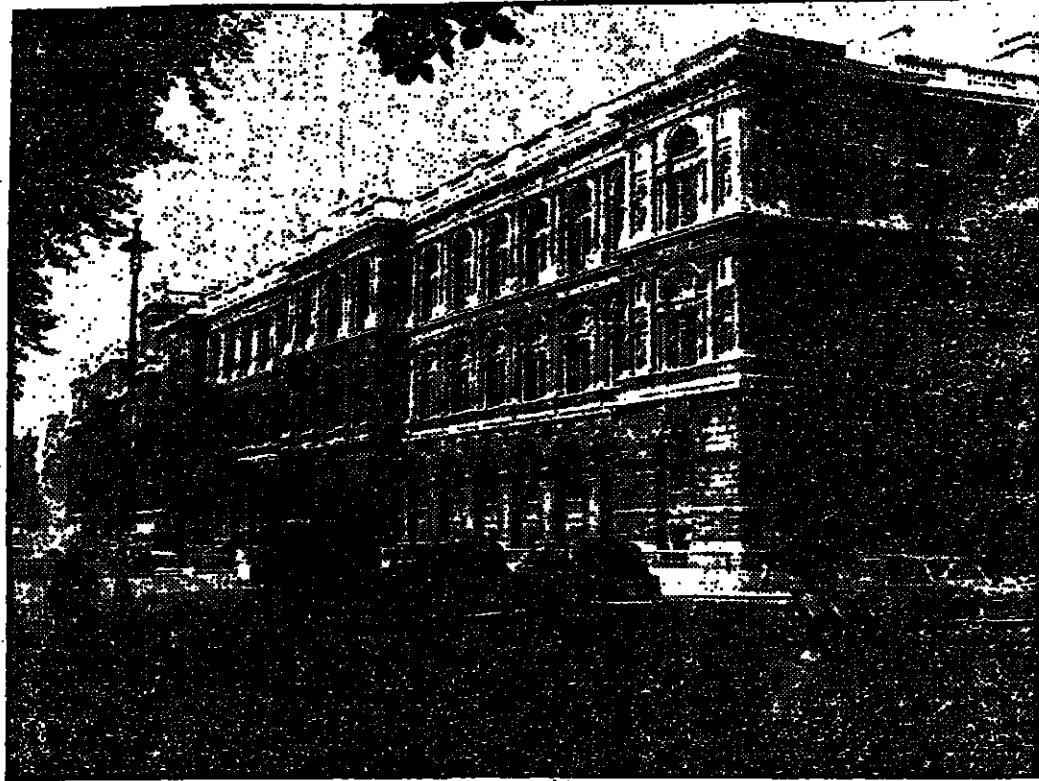
The recent report of the House of Commons Home Affairs Committee describes the impression the Home Office made on them. The committee examined the department's response to the recommendations of official committees, Royal Commissions, and in particular to the Younger Committee on Privacy and the subsequent Lindop report. Both were concerned with matters of extreme importance in any democracy where the liberty of the individual may be invaded if his privacy is not protected.

Though the Younger Committee reported in 1972, little has been done to act on its moderate and largely uncontroversial proposals. Arising out of Younger, Lindop was asked to advise on legislation governing the use of computers handling personal information, a significant libertarian issue. Despite the work (and the cost) of the two committees the Home Office made it clear that it attached "no great priority to legislation on technical surveillance devices".

Not only is this an area where individual privacy is at growing risk, but Lindop had stressed to the contrary "the urgency of formulating United Kingdom policy in this field in order that the Government can play a fruitful part in the negotiation of international arrangements". Lindop's fears have largely been fulfilled. The Home Office have procrastinated, and as a consequence this country has fallen behind our colleagues in the EEC and elsewhere on the Continent.

The committee feared that, as a result, we would find ourselves at a disadvantage in the preliminary negotiations preceding the signature of the European Convention on Data Protection, nor were they reassured to be informed by a senior Home Office official "that it is not necessarily a good idea to have a policy cut and dried before the convention is ready for signature".

In addition they were surprised to be informed that we had not lost business owing to "the lack of legislation in this country which could allow restrictions to the United Kingdom". In the light of



The Home Office: a rag-bag of responsibilities

their inquiries the committee described the Home Office as "dilatory and complacent". There are other examples. The first is the Home Office's Harrier Harman, where it succeeded in its contempt action. Harrier Harman, legal officer of the National Council for Civil Liberties, had shown documents which had been taken out in open court to a journalist who had taken them down in shorthand, would have been at liberty to publish them.

As the judgment shows the Home Office appears to be right in law. But its actions, known and the judge virtually admitted, the law can be an ass. That being so the question to be asked is: "Why was the action brought?" The Home Office has given its answer: "to clarify the law. But its actions belie that answer. The night before the hearing the Home Office offered to call off the action if the NCCL were prepared to pay its own costs. The two positions are incompatible.

The second example is of a different order. In January 1979 it was revealed that female immigrants were being subjected to so-called "virginity tests" which are really no such thing but intended "to determine whether the patient (my italics) had borne a child". And that X-ray tests were used to assess the age of the immigrant minors.

The ensuing row led to an undertaking that virginity tests would cease, but the use of X-rays has continued and if the Yellowlees Report is accepted, will continue. The report, which pays no regard to the affront to individual dignity such tests involve, raises a number of other issues to which it pays little attention. It concludes, for example, that the use of X-rays of a child's bone provides "a fairly accurate" way of estimating age. In this it is in disagreement with the bulk of expert medical opinion. Professor Marshall, Professor of Human Biology at the University of Technology, writes categorically that "this statement is incorrect" and he goes on: "The true ages of the majority of healthy children... would be within about two years of the 'bone age' but in a few cases the discrepancy would be greater than this." Thus the X-ray test provides unreliable information but in addition the report ignores the fact that in June 1979 the British Medical Association condemned as unethical the use of X-ray examinations for administrative purposes, not least presumably because of the dangers they involve.

Nor to me is the word patient an accurate description of someone subjected to such tests in the circumstances in which the report was con-

cerned. A patient accepts voluntarily the tests a doctor suggests. An immigrant child seeking entry to this country is in no sense a patient. Nor is a child in a position to give consent and even supposing consent were given on its behalf, that consent, it could plausibly be argued, would have been given under duress. And then there is the little fiasco of the Protection of Information Bill which is connected with the reform of section 2 of the Official Secrets Act. This is a matter which has been on the political agenda ever since the Franks Committee reported in 1972. The last Labour government was committed to legislation. The present Government claims to be libertarian. Mr Clement Freud's Freedom of Information Bill followed by Mr Michael Meacher's, shortly to be followed by Mr Frank Hooley's, kept the issue alive. Mr Freud's Bill received an unopposed Second Reading, survived a number of amendments, only to be lost with the calling of a general election in May, 1979.

But it received support from members of all parties. It is against this background of widespread recognition of the need for reform that the production of the Protection of Information Bill in 1979 was such a characteristic Home Office feat. How could it

have hoped to get away with a measure so highly restrictive and containing so many onerous elements?

In the event, after a severe mauling in the House of Lords and with the realization that the Bill would not be enacted, the Home Secretary rapidly and wisely withdrew it. Had he not done so its numerous defects would have been more widely redressed.

Other examples could be produced. But why do these things happen at the Home Office? It cannot be what is known as the human element. The politicians responsible for the Home Office and its servants who run it are no different from their colleagues elsewhere. It may be that the functions it performs have led to attitudes and practices which provide some clues.

The Home Office has accumulated a rag-bag of responsibilities which include among other things the police and the prisons, liquor licensing, censorship and obscene displays, electoral matters, taxis and immigration.

It is difficult to find a common thread linking these various and miscellaneous duties except that the bulk of them are regulatory. It has to stop people committing crimes, seeking entry to this country in no sense a patient. Nor is a child in a position to give consent and even supposing consent were given on its behalf, that consent, it could plausibly be argued, would have been given under duress.

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have hoped to get away with a measure so highly restrictive and containing so many onerous elements? In the event, after a severe mauling in the House of Lords and with the realization that the Bill would not be enacted, the Home Secretary rapidly and wisely withdrew it. Had he not done so its numerous defects would have been more widely redressed.

the Home Office was responsible for Northern Ireland. There, for as long as possible, it left ill alone. There can be few better instances of the danger of doing nothing until you are ambushed by events as this country was when the present troubles broke out.

But the legacy of its old responsibility for Northern Ireland is still to be found in the Home Office. The Northern Ireland Office was largely staffed from the Home Office. A number of civil servants now holding high posts in the department have seen service there and by chance it is the case that both the present Home Secretary and his immediate predecessor were secretaries of state in the province.

One can only ask whether the circumstances and the traditions of government in Northern Ireland which must impress on anyone the importance of security, of secrecy and law and order are the right background for a ministry which is in effect responsible for human rights in the United Kingdom in their broadest sense. For despite the regulatory functions to which I have referred the Home Office has duties which would test the energy and imagination of the most constructive and humane intelligence.

It is responsible for prison and penal reform, probation and after-care, race relations and securing equal opportunities for women, for broadcasting, privacy and the extension of freedom by reform of the Official Secrets Act. How is it that the negative appears to have smothered the positive role, that immigration control appears to have a higher priority than a drive to improve race relations, that the introduction of short, sharp shocks and punitive measures towards young offenders is higher on the agenda than prison or penal reform?

If only more importance were attached and seen by the public to be attached to the positive aspect of the Home Office's functions it might change the public perception of the department and the atmosphere in which members of the department work.

In all these areas there is plenty of room for constructive and humane reform which would in no way conflict with the pursuit of security and law. A glimmer of compassion might be no bad thing. Mr Whitelaw has the opportunity to be a great reforming Home Secretary. The forthcoming Nationality Bill and his reaction to the Royal Commission on Criminal Procedure will give some indication of whether he proposes to take it or not.

Geoffrey Smith

# Radicals in search of a cause

One of the principal predicaments of Labour right-wingers these days is that they are not sure what they believe in. They know what they are against. Marxist left-wingers, Thatcherite Conservatives. That would seem to leave sufficient ground in between for sober management of the nation's affairs. But sober management is not enough for social democrats who entered politics to change society.

This essential radicalism is often forgotten by those who seem to regard social democrats, or a possible new centre party, as instruments for making the country safe for Conservatives during the intervals between Conservative governments. A spirit of radicalism is not much use, though, for those who cannot make up their minds whether to be radical about Social Democrats need a philosophy that goes beyond moderation.

Their last prophet was Anthony Crosland, whose great work, *The Future of Socialism*, is republished this week. Many of the current political difficulties of the social democrats come from the recognition that some of the central tenets of Croslandian revisionism have little appeal in today's climate. It is no use basing policies on the assumption of a steady rise in public expenditure in real terms unless it is possible to achieve the economic growth without which higher and higher public spending is not politically or economically acceptable.

## Equality of enjoyment

Yet it is true that Croslandism has simply been outdated by changing conditions. Can it be itself revised to provide an updated philosophy for a new generation of social democrats? That is the question examined in another book published this week, *The Socialist Agenda*.

The essence of Crosland's version of the good society was what might be termed equality of enjoyment, which was to be pursued without massive extensions of public ownership. The word "enjoyment" has a double significance. Crosland was not thinking simply of equality of opportunity, but of equality in the outcome—in income, status and access to the good things of life. He also wished to jettison the phrase "elementary needs" which was a lifeless, lifeless, lifeless. Problems were to be solved.

This optimistic vein runs through *The Future of Socialism* and is evident in many of the essays in *The Socialist Agenda*. It is less in keeping with the gloomy world of today, where the conditions for optimism are less evident. There is less attachment to the concept of equality now that the principal preoccupation is not how to share the fruits of prosperity but how to revive a sluggish economy.

Yet one does not need to be an egalitarian to see that there is a place in British politics for those who champion the underdog, and who believe in a more highly organized society rather than in reliance on market forces, because the underdog never gets far in the market. There were a few governments that will be interventionist without upsetting the balance of the mixed economy.

One of the critical areas for intervention, according to this school of thought, is in fixing rates of pay. Income policy was not a central feature of Crosland's thinking, but two of the 12 essays in *The Socialist Agenda* deal directly with incomes policy, and others have something to say on the subject. At a time when there is still in the air the spectre of inflation, this is a logical approach among politicians and political thinkers who believe in a managed economy.

Professor James Meade's alternative proposals for a system of arbitrage were a particularly notable contribution to the subject. I suspect that he puts too much faith in the general acceptance of a rational

approach—which is another way of saying that he is too optimistic, too trusting, in my judgment. But the question of whether or not to have an incomes policy has been so much at the heart of British politics and government for so many years that it is democratically healthy for the social democrats to work out with some care how such a policy might be operated.

What the social democrats are doing is seeking in their economic policies to update the postwar consensus from which Mrs Thatcher wants to break away. That consensus has been rather tarnished in the last year or two, by its association with failure. If the Thatcher experiment fails in its turn then a return to the consensus might appear a rather more attractive option than it seemed as the Callaghan Government was crumbling. It would be best if the country could be presented with a choice between this and Conservative policies at the next election.

But from what political base should an updated version of the old consensus policies be presented? One of the most critical questions in British politics today is whether this can and should be done from within the Labour Party. Most though probably not quite all contributors to *The Socialist Agenda* write in the belief that it should be. Others, who similarly write on policy, are expecting to break away.

A good deal has been said and written recently about the prospects and timing of such a move. There is a considerable danger of making the plan sound too cut and dried. Nothing is expected to raise his own standard, possibly in March. Mrs Williams, Dr Owen and Mr Rodgers have been having discussions with him, recognizing that it would be to the advantage of all of them if any move was made. But it is not yet certain that the trio will break away, and they would probably be reluctant to move as early as March.

Whether there is a break away from the parliamentary party in the next six months is likely to be influenced considerably by what happens at the party's special conference on January 24 to determine the new method for electing the leader. In one sense the significance now attached to this conference is curious. When it was first arranged it seemed likely to be critical to the immediate future of the party, because it was expected to create an electoral college which might well have chosen a left-wing leader in preference to the right-winger elected by the parliamentary party.

That would have been a major development whose significance would not have been lost on the general public. But in the meantime the parliamentary party has itself elected a new left-wing leader. So what ever the special conference decides will not affect the immediate leadership of the party. There would therefore be more difficulty in persuading Labour voters that this was an issue that justified splitting the party.

Yet the conference does matter for the long term, and for its symbolism. If an electoral college is set up, especially if it is one in which the right-wingers have fewer than half the votes, the leader will be made more vulnerable to the pressure of the constituency parties and the trade unions, and the ascendancy of the left within the party will have been confirmed. Coming on top of everything else, it would make a break more likely. And that would in turn make it less likely that Crosland's legacy would become the official policy of the Labour Party.

*The Future of Socialism* by Anthony Crosland (Cape £3.50). *The Socialist Agenda: Crosland's Legacy*, Edited by David Lipsey and Dick Leonard (Cape £7.95).

# Camp David: how the EEC can help

Cairo. The United States Embassy in Cairo is now allegedly the largest in the world but foreign diplomats requesting information about the progress of the Camp David peace talks have discovered that the embassy is a veritable wasteland of a banana republic. Several European embassy officials were asked by the Americans to submit their questions on paper before visiting the United States compound and found, when they kept their appointments, that committees of American officials had been delegated to reply, reading each optimistic answer from a small piece of typed paper. It did not say a lot about American confidence in Camp David.

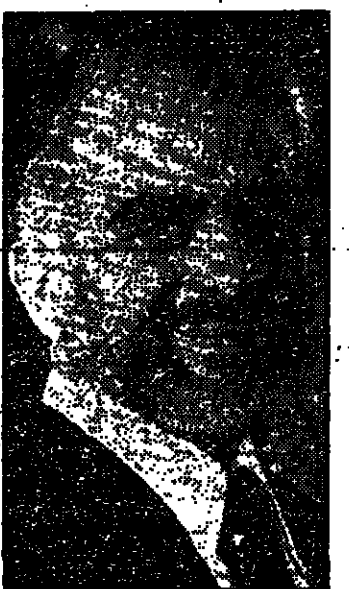
One Southern European diplomat uses distinctly unidiomatic language to describe the American effort to persuade the world that the Egyptian-Israeli peace treaty is in course. "They've been deluding us as well." It is in this atmosphere of distrust and suspicion between Europe and the United States that the Arab nations are waiting to find out the measure of the so-called EEC "initiative" on the Middle East.

The truth, of course, is that it does not exist. There is no plan, no far-reaching proposals in Lord Carrington's

hands. There are no maps, no peacekeeping lines, nor are there likely to be when the British Foreign Secretary takes over the Presidency of the Council of Ministers in June. His current visit to Egypt is rather a farcical exercise in the kind of euphoric vacuum in which the Egyptians are earnestly hoping that the EEC can spare them the collapse of Camp David but increasingly coming to realize that it may not be able to do so.

## Reluctance

For the Community has no intention of coming to the rescue of the peace plan that Mr. Carrington has unveiled. At the high noon of his Presidency, the European nations never showed much enthusiasm for the treaty, and the Israeli reluctance to allow the Palestinians any serious form of self-determination has only added to their scepticism. The Venice declaration last June therefore enunciated two basic principles which the Europeans—or the "international community" as they rather contemptuously called themselves—regarded as unfulfilled by the terms of the Camp David peace treaty. These were: the right to existence and to security of all the states in the region, including Israel, and justice for all the people,



which implies the recognition of the legitimate rights of the Palestinian people.

Just what these "legitimate rights" were thought to be remained tantalizingly undefined but it was against this background that Mr. Gaston Thorn, the Luxembourg Foreign Minister, set out on his Middle East tour to discuss the prospects of an Arab-Israeli peace with the nations involved. He came back to Europe, acutely aware of Israeli hostility towards the EEC's involvement and of

King Husain: to offer him a measure of control again over the West Bank would, the Egyptians say, only return the Palestinian problem to the unsatisfactory status quo that existed before 1967

Syria's tight military and political control of the Palestine Liberation Organization.

The EEC nonetheless decided to produce a number of discussion papers on the Middle East. There were documents on Israeli withdrawal from occupied territory, on Jerusalem and on security. The British wrote a paper on the principles of self-determination. These files are kept in Brussels and have never been released although they are, by the very nature of things, scarcely a peace plan. They constitute only ideas that could be included in a future common policy.

Such a policy has depended upon the progress of Camp

David. Only now are the Egyptians coming to realize that the peace treaty will not guarantee Palestinian autonomy and that the Israeli Government does not intend to uproot its settlements in the West Bank. The advent of the Reagan era and the appearance of the "Jordan option"—the notion which even Dr Kissinger seems to be espousing—whereby King Husain would be offered any inducement to enter peace talks—now caused near-panic in Cairo.

President Sadat has now let it be known that he needs an alternative to Camp David. His officials talk of a "broadening" of the Camp David peace process but there is little doubt that any new Arab-Israeli agreement would look very different from Mr. Jimmy Carter's carefully delineated essays. Above all else, Mr. Sadat wants to avoid the possibility that Mr. Reagan will impatiently turn to Jordan.

To offer King Husain a measure of control again over the West Bank would, the Egyptians say, only return the Palestinian problem to the unsatisfactory status quo that existed before 1967. More important still—though less publicized—would be the Jordanian Government's. Mr. Sadat's antipathy towards King Husain. He has no intention of seeing himself cut out of the peace-making process and ceding the limelight to the Jordanian monarch.

It happens that the EEC is almost equally opposed to the Jordan option for the simple reason that it only further confuses the problem of Palestinian self-determination. The issue therefore revolves around the degree to which the Palestinians—or more specifically the PLO—can participate in a new peace process.

Europe cannot rescue Camp David but by the same token it cannot produce an alternative plan. It has neither the funds nor the political muscle to persuade and cajole Israel and Egypt to broaden their peace within the Arab world. But it can provide a platform for the Americans to find another formula; it can act as a transition between a dead peace plan and a new one.

And in this, the EEC can excel its function. It can talk to the PLO. Even during the Lebanese civil war, the British Government acted—through its embassy in Beirut—as a conduit between the United States Government and the PLO. The PLO, in turn, has maintained these contacts and only last month a very senior Foreign Office official met Mr. Arafat in Beirut.

It now seems more than likely that Mr. Arafat's next distinguished visitor could be the next President of the Council of Ministers—Lord Carrington himself.

Robert Fisk

# MOSCOW DIARY

The English are well known to the Russians as dog-lovers, and the typical Englishman in Soviet films and popular imagination always has one or two dogs in his home. Nowadays the description applies equally to the average Muscovite. A mania for dogs, cats, birds, hamsters and pets of all kinds is gripping the country. Almost every household boasts some four-legged creature.

Dogs are especially fashionable. At any time of the day or night you can see young men exercising their dogs in the parks or pensioners walking them in the yards and gardens beside each block of flats. As you go up the staircase in almost any block you can hear barking and yapping coming through the usual black, supposedly soundproof padding on people's front doors.

All breeds can be found: poodles for baller dancers, terriers for teachers, wolfhounds for engineers, Alsatians, St Bernards, collies and English bulldogs are popular. So, in spite of a natural and somewhat embarrassing disinclination in the winter snow, is the dachshund. At the moment, in fact, the dachshund is in short

supply. Ten years ago there were plenty to be had. Now you have to wait years if you apply for one at a recognized kennel club. A dog has become a prestige symbol, a sign of money and good taste which can be trotted out daily to be shown to the neighbours. It's a far cry from the country years when most Russians could hardly feed themselves, or from the terrible 900-day siege of Leningrad during the war when dogs were eaten to keep a starving population alive.

The bigger the dog the greater the prestige, and people will go to inordinate lengths to acquire the right status symbol. I know of one couple who live in Yakutsk, in eastern Siberia, where the winter temperature falls to minus 50 degrees, who travelled 4,000 miles to Moscow to collect a huge Afghan hound which they took back to share their one-room flat together with a child and mother-in-law.

A good pedigree dog can be quite expensive—up to £70—and breeders make a fortune. It's a profitable and still legal form of private enterprise. The Moscow pet market is

one of the most fascinating places in the city. Every Saturday and Sunday it is thronged with pigeon-fanciers, fish-breeders, peasants from the countryside with rabbits, hamsters, canaries, cory and other creatures for sale. A huge crowd pushes and jostles round the stalls, peering, filling up old pickle jars with brightly coloured miniature fish or spooning out birdseed from a sack into cones made from old newspapers. Dogs are not officially meant to be sold in the market, but there are plenty around. Usually their owners hang around the entrance, carrying large baskets covered with a blanket from which you can occasionally see a wet black nostril poking out. Big dogs sit on the ground under the street looking rather forlorn, especially in midwinter when only a bit of straw or old newspaper is put down for them on the snow.

Many sellers, on the lookout in case they are moved on by the police for trading without a licence, keep their puppies tucked inside their jackets. As you walk past they flash open

their coats with a furtive "psst" like dirty-picture sellers to reveal a trembling, furry face.

All dogs should be officially registered with the local veterinary authorities and are then given a number or address tag which they have to wear on their collars at all times. They are inoculated against rabies and the owners are told how to look after them. Most Russians are fanatically proud of their dogs and eagerly take part in the shows and competitions organized for kennel club members. The winning dogs are awarded certificates and medals, and often their owners take them for Sunday walks with all their medals and ribbons proudly strapped to the animal's chest. It could only happen in Russia.

But there is a sad side to the present explosion in the canine population which is seriously worrying the authorities. More and more people buy dogs out of caprice and do not look after them, turning them loose when they tire of them or move into a new flat, and the number of strays has increased alarmingly. The law is explicit: any dog found wan-

dering without its owner on the streets, in parks, markets, on city transport or elsewhere is



considered a stray and may be picked up and destroyed within three days if it can be destroyed or sent to laboratories for medical research.

Each year in Moscow alone some 27,000 stray dogs and 23,000 cats are destroyed. Local authorities in the Ukraine annually get rid of 200,000 dogs that have no apparent owner. There have been all kinds of suggestions what to do, including a legal limit on the number of dogs you can own and the introduction of a "dog licence" one journal recently criticized those who adopted a dog out of pity. It says one woman in Moscow has in her flat 40 dogs, 38 puppies and two cats; another has 12 dogs, six puppies and 16 cats. It called this "a nuisance to all the neighbours".

The article described the hatred that municipal dogcatchers excite in the population. They have been attacked and beaten, their vans have had the windows smashed and crowds have surrounded them screaming "murders". But it said the health dangers posed to people and to other pets by strays were considerable.

Not long ago a pack of stray dogs made its home among the scenery and discarded props of the main Moscow film studios. Becoming hungry, they attacked and bit people working there and killed four black swans which were the studio's pride. But when they were finally put down by dogcatchers there was such an outcry that the local authorities had to set up a special inquiry.

The idea of a licence has met stiff opposition. When a tax on each dog-owner of one rouble (53p) a month was imposed the number of dogs in the press. The authorities said it cost at least that to provide the extra street cleaning, free inoculations and to build parks where dogs could be exercised.

Finally this year the state got tough and imposed for the first time a universal dog licence of 15 roubles (23p) a year. The aim is not so much to make money but induce a greater sense of responsibility in dog-owners.

A new campaign has now begun to suppress the "pests": exotic pets. Many Russians have started to keep wild animals in their flats: monkeys, foxes, badgers, snakes and even lions. A tragic case of a family in Baku recently whose lion killed the child and then fatally attacked the mother was given great prominence in the press as a warning.

But dogs are still by far the most popular pets. Laika, the space dog sent up in a Sputnik 20 years ago, is still revered. Laika is a common name for dogs. Others include Bella, Dasha, Strelka, Chappa and Barbos. There was some puzzlement last year at the local vet's over the name the British Embassy doctor gave his cat. He called it after the first word that every foreigner immediately learns: FECTOPAE.

In fact the word, which you see written up everywhere, is the Cyrillic form of "restaurant". When the cat was taken for her inoculations, the vet asked her name. "Restaurant", was the reply. With a startled look the vet, astonished at the English eccentricity, carefully wrote down FECTOPAE.

Michael Binyon





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## SUBJECT TO LAW

In 1980 the number of industrial disputes was lower than in any year since the war. It would be idle to pretend that the legislative reforms embodied in the Employment Act 1980 can have had more than the most marginal influence on this sudden improvement on the exceptionally bad record of 1979. Even the advent of a Government less responsive to industrial pressure than its predecessor cannot explain this change by itself. The main cause has been the recession and a growing reluctance to risk the job for speculative bargaining gain. It is a means of achieving industrial peace that any policy maker would recommend, though it may serve as a reminder that industrial peace is determined by other factors at least as much as by the framework of industrial law.

Into this hush, unhappy and undoubtedly temporary, comes Mr Prior's green paper on reforming the framework of the law. It is the longest paper of its kind ever produced, and very possibly the greenest too. It genuinely is a summary of a debate, rather than a statement of policy with marginal concessions to the ritual of consultation. Every proposition is balanced by its alternative, the objections to every course of action are scrupulously defined. The effect is one of immobility, inescapability. It will take a long time before the elements of a Bill or a white paper begin to emerge from the document published yesterday.

To more Tories than a year ago, that may not be welcome. The Government has problems enough on its hands for the moment. Mr Prior's search for a consensus on fundamentals is not unwise. But the time for such a leisurely investigation was 1979 or even earlier. Instead Mr Prior brought in an Act that concentrated attention on marginal factors and left the fundamentals untouched. And since the issues are indeed complex and full of dangers, it

is impossible to come up with legislative proposals overnight.

The basic propositions to work on are relatively straightforward, however. In times of prosperity—and it is with those in mind and not the current abnormal situation that any measures must be designed—our industrial productivity falters by comparison with that of our competitors. Whatever role faults of management have in this, it is clear that trade union conservatism and protectionism must bear a large part of the blame. A degree of mutual suspicion between management and employee is inherent in the relationship. But too often the conflicts that arise do not reflect the feelings of the workers concerned, but those of a minority, or of others not directly involved at all.

The right to withdraw labour is a basic freedom (though it is one the law does not explicitly safeguard). The immunities that apply to trade disputes are broadly essential to the exercise of that right. But the harm that a strike can do to an industry and to the community is so great that the immunities ought to be made conditional on two things: that workers directly affected by the action should have explicitly approved it, and that procedures which allow full scope for negotiation and conciliation should have been exhausted before action is taken. Mechanisms for ensuring that these conditions have been satisfied need statutory definition, which may not be easy. Plainly a show of hands at an ill-attended factory gate meeting is no proper basis for a major strike. Workers directly affected might appropriately include others as well as those actually called out, though the relationship would have to be fairly close.

It should be irrelevant to these procedures whether a strike is official or unofficial. Where satisfactory procedures were not observed, civil actions could be brought against the union as well as individuals (unless the union

could show that it had made reasonable efforts to control its members). Thus each union would have a strong motive to bring its internal disciplines to bear upon irresponsible members. The tendency for power in the unions to pass downwards towards shopfloor leaders (already noted by the Donovan report in 1968, and greatly advanced since then) has gone so far that small groups of workers in strategic positions can often apply pressure regardless of the wishes of their colleagues, let alone their employers.

Where the conditions for attracting immunity did not apply it would be open to employers, and to others with a substantial interest (another matter needing careful definition), to bring an action for damages against the offender. Already employers often prefer not to use such powers where they exist, because their first interest is in putting the dispute behind them, not recovering damages. But the existence of legal powers even only in reserve has a great influence on the course of industrial negotiations, for unions are basically law-abiding organizations.

Many trade unionists would oppose on instinct any attempt to modify the hallowed immunities conferred at the beginning of the century, just as they protested against the minor reforms made by the 1980 Act. The latter have not yet really been tested in practice, but the signs are that they carry with them that consensus support (even from many inside the movement) which Mr Prior rightly sought. Future legislation must be governed also to some extent by what is found to attract enough sympathy (or at least acquiescence) to have a prospect of a durable life on the statute book. The proposals made here are not put forward as an attack on the power of the unions as such but an attempt to ensure that it is exercised with the restraint that great power demands.

## THE POLES AND THEIR POPE

It is a fitting coincidence that the commander in chief of the Warsaw Pact, Marshal Viktor Kulikov, should be visiting Warsaw just as Mr Lech Walesa is in Rome. "How many divisions has the Pope?" Stalin is said to have once asked rhetorically. If Marshal Kulikov were to ask the same question during his talks in Poland, he might well receive the answer "a good many more than the Warsaw Pact count on".

For the Poles, Pope John Paul is a symbol of Polish pride and Catholic piety, and his election had electrifying effect on the national mood. The strikes of last summer, and the emergence of the independent trade unions, had fundamentally economic causes, and would no doubt have taken place, anyway. But the very existence of a Polish Pope—reinforced by his triumphant tour of Poland in June, 1979—has infused the national resurgence in Poland with a confidence and an emotional durability it might not otherwise have had.

Mr Walesa himself is conspicuously a Catholic; the vast majority of his followers are Catholic, as indeed are the majority of Poles. Since Mr Walesa is in Rome to meet the trade unions as well as go to the Vatican, some Italian labour leaders were not surprisingly upset when he said that he would not have come to Italy if it were not for the Pope. But he was merely expressing, in characteristically direct fashion, what all Poles feel in their hearts: that the Pope is their lifeline to the outside world, and their greatest source of moral support.

At the same time, Pope John

Paul has been careful not to intervene directly in the turbulent events of recent months. He has supported the Polish workers and their intellectual allies in a general way, but has distanced himself from the detail of their conflict with the Communist authorities. The Pope's yesterday spoke of the Poles' right of working men and women to "associate freely", adding that he had been saying as much to "all people of good will, as discreetly as possible".

It has been left to the Catholic Church in Poland itself to decide how to react in practice to the Polish "quiet revolution". The Polish bishops have exerted a moderating influence on the free trade unionists, some of whom would like to take a more radical line. The Church has argued, rightly, that to go too far would be to risk the remarkable gains already made, including greater religious freedom and the right to broadcast. Mass. The appeals which the Primate Cardinal Wyszyński made for "prudence and responsibility" at the height of the August strikes probably contributed as much as anything to the maintenance of a calm atmosphere in which an agreement with the Government could be negotiated.

On the other hand some Poles—and in particular, the intellectuals advising the free trade unions—feel that the Church has taken prudence and responsibility to an extreme, and runs the risk of inadvertently helping the authorities to stifle the union movement. In October Cardinal Wyszyński met the Communist Party leader, Mr Stanisław Kania, and agreed to "constructive cooperation with the state".

Then last month the Polish Episcopate went further and called for firm opposition to "irresponsible statements or actions" which might "expose the country to grave danger".

What the bishops had in mind, clearly, was the possibility of a Soviet invasion. Both dissidents and workers would agree that nothing should be done which might provoke the Russians or create circumstances in which Moscow would have an excuse for intervening. But they evidently feel that the Church has veered perilously close to offering aid and comfort to the Government at a time when the future of free trade unionism is far from assured, and when a number of dissidents have been harassed or imprisoned.

At the same time the Church in Poland has a long history of complex struggle with the Communist authorities, and has learned the hard way how to maintain its independence. Few people can be more aware of this, indeed, than the Pope himself. As Cardinal Wojtyła of Cracow, Pope John Paul proved himself a master of guerrilla tactics against the local party bosses.

He also understands, and has made clear on this occasion, that the course of events in Poland depends not only on cooperation between the Church, the workers and the intellectuals, but also on the achievement of a working relationship between the forces of opposition and the Government. The presence of a high Government official in Mr Walesa's delegation suggests that, despite its dislike of alternative centres of power in Poland, the Polish Government understands this too.

## Students' benefits

From Mr Derek D'Hooghe  
Sir, Roger Frost's letter (December 10) touches on only one aspect of the Department of Health and Social Security's hostile attitude to students. In the course of one case, lasting over two years, I have discovered an appalling number of examples of what can only be deliberate attempts to prevent claimants from discovering their rights, or gross incompetence. Under the supplementary benefit regulations unemployed people attending college for less than 21 hours a week, and available for work if a job arises, are entitled to receive it.

The local DHSS office refused supplementary benefit to a part-time student on the grounds that he was "attending a school". It has taken over two years, three tribunal hearings, preparation for a High Court hearing, and significant expenditure of public money in legal costs for the DHSS to admit that he was wrong, and yet the case is still not settled. During this period the student sought to claim supplementary benefit, and was informed by the clerk that he was not eligible to apply. When I pointed out to the clerk that every citizen had a right to apply for benefit, even though the DHSS might subsequently refuse to grant it, I was greeted with the same response. Only after a half-hour argument, reaching the supervisor's supervisor, was an application form reluctantly handed over. Similarly, the appeal tribunal take care to inform appellants of their right to appeal to the High Court

on a point of law, but neglect to inform appellants of their free right to have an adverse decision set aside by an appeal to the regional office.

The inconsistency of the DHSS is shown by a letter, signed by the manager, granting benefit to a student studying for 20 hours per week. The following day, another student studying only five hours per week was refused benefit, and I was informed that the manager's letter was out of date. Rapid decision making indeed!

The DHSS certainly appear to be doing everything in their power to ensure that young people do not receive their rights. The DHSS seem to prefer young people sitting at home, doing nothing or vandalizing the city to those trying to increase their employability by part-time study during a disastrous economic period.

Yours faithfully,  
DEREK D'HOOGHE,  
Sidney Stringer School  
and Community College,  
Hillfields,  
Coventry,  
January 5.

## The first Nowel

From Professor Norman Davis, FBA  
Sir, In his article on Herford Cathedral library (December 22, 1980) Mr Wapshott claims that the earliest Christmas greetings "which can be found written in English" appear at the end of a business letter from Charles Booth between

1516 and 1535. But a generation or so earlier Thomas Becon wrote "To my right syndical good lady, Dame Elizabeth Stonor" a letter concluding: "Madame, I beseeche the blisssid treynite to send you a Merry Cristmas to your hartes ease, and ever to preserve and kepe you in longe helth and vertu. At London the xxij day Decembre".

The letter is no 185 in the Camden Society edition of the Stonor Letters by C. L. Kingsford (1919), who dates it convincingly 1477. Its special interest is that the now so conventional phrase "Merry Christmas" occurs here long before the earliest quotation in the Oxford Dictionary, which is of 1617. There may well, of course, be other cases still unnoticed.

Your obedient servant,  
NORMAN DAVIS,  
Merton College,  
Oxford,  
December 22.

## Grace note

From Mr Lewis Massey  
Sir, Mr Lovett (letter January 12) need have no worries. The official Italian name for Munich is Monaco di Baviera (ie Bavarian), even though it is often abbreviated to Monaco. Yours faithfully,  
LEWIS MASSEY,  
20 Orchard Rise,  
Groombridge,  
Tonbridge Wells,  
Kent,  
January 12.

## Humane rationale of civil defence

From Dr Sue Dowling

Sir, Mr Harding and Mr Schenckombe (January 6) say that the rationale of home defence is humane. As a doctor I find it hard to know what a "humane" might mean when applied to nuclear missiles, each containing an explosive yield between 80 and 400 times that of the Hiroshima bomb. Moreover, I doubt if the health services' plans for nuclear war, based on the Department of Health and Social Security's Home Defence Circular (HDC(77)) can be described as humane.

In the past, when diseases such as smallpox, typhoid and plague threatened to wipe out large numbers of the community, doctors were expected to put their patients' well-being first, risking their own death through infection. Now, when faced with a potential "epidemic" which would cause more suffering and death than anything previously known, health authorities have been instructed that all medical care will be withheld deliberately in the immediate post-nuclear attack period. Medical staff, who would be irreplaceable except in the long term, should not be wasted by allowing them to enter highly radioactive areas to assist casualties.

(HDC(77)) In no case, period, when suffering and death would be greatest, could last for several weeks, depending on the type and severity of the nuclear attack, weather conditions, etc. Once radiation has reached "safe" levels, health professionals may resume their work—but only with those who require limited surgery and have a good chance of eventual recovery. The dying, those likely to die and anyone suffering radiation sickness will be kept away from the remaining hospital services.

Neither the Hippocratic Oath nor the various international codes of medical ethics give an easy answer to the way in which doctors should behave in such situations. However, in the light of the war plans of the DIS, the ethics of the profession seem curiously obsolete, as though reflecting the human innocence of a bygone age.

How can we withhold our services when they are most needed? Why are we so silently accepting the judgment of the DIS that it is better to let the life of a few than to relieve the unimaginable suffering of those likely to die? The advice of the General Medical Council and the British Medical Association on these ethical issues is urgently needed but has so far not been forthcoming.

Yours sincerely,  
SUE DOWLING,  
Lecturer in Community Health,  
University of Bristol,  
Department of Community Health,  
Canynge Hall,  
Whiteladies Road,  
Bristol, Avon,  
January 10.

## Card of destiny

From Dr H. Montgomery Hyde

Sir, In his remarks on libel (January 13) Mr Bernard Levin states that he has always wondered why the Marquess of Queensberry used the words "posing as" in the inscription on his visiting card which he left at Oscar Wilde's club. The words were inserted deliberately on legal advice, the advice having been given by Queensberry's solicitor, Sir George Lewis, whom he had consulted and who was later to instruct the leading defence counsel (Mr (as he then was) Edward Carson) in the prosecution for criminal libel which Wilde launched against Queensberry.

At this date Queensberry planned to base his defence on Wilde's writings, particularly *The Picture of Dorian Gray* which he submitted to the court as evidence of homosexual tendencies, thus justifying the words in the phrase quoted. But shortly before the case came on at the Old Bailey evidence supporting the direct accusation reached Queensberry's and his written plea of justification was amended accordingly.

Oscar Wilde's son, the late Mr Vyvyan Holland, told me that he had understood from Robert Ross, the famous literary executor, that Queensberry's card had been destroyed. He was surprised to learn from me that the card, which was an exhibit in the case, had been preserved in the Public Record Office.

Yours faithfully,  
H. MONTGOMERY HYDE,  
Westwell House,  
Tewkesbury, Kent,  
January 13.

## Coverage of Sutcliffe case

From Mr Tom McNally, MP for Stockport, South (Labour)

Sir, Mr Walter Greenwood (January 13) finds it difficult to follow the logic of my objection to the publication of the name of an individual prior to his appearance in court. Well, if the Chairman of the Law Examinations Board for the National Council for the Training of Journalists cannot follow the logic, my concern is increased.

There is a world of difference between an individual being named after a formal court appearance and his name appearing in the media many hours before any such appearance and being part of and contributing to the build-up of emotions towards a case. The pressure to meet that evening's deadline must not override the rights of the individual, something I hope Mr Greenwood is emphasizing whilst training his journalists.

Yours sincerely,  
TOM MCNALLY,  
House of Commons,  
January 14.

## Catchphrase

From Miss Bridget Brophy  
Sir, I am fascinated to learn (January 8) that, if Mr Millett puts a book through my lip, drags me out of my element but manages to return me before I am quite dead, he will claim to have made a "pleasurable gesture". Yours truly,  
BRIDGET BROPHY,  
Flat 3,  
185 Old Brompton Road, SWS.

## Economic realities of deterrence

From Air Vice-Marshal J. C. T. Downey

Sir, The long fusillade of recent letters to *The Times* about defence has become scattered across diverse targets ranging from strategy to military bands and there remains but one common concern: the growing impoverishment of our defences. We are finding it harder and harder to reconcile the escalating cost of defence with the rising living standards we have come to expect. This happens to be particularly noticeable in Britain at the moment because our economy is flagging so badly but, in principle the problem is the same everywhere.

Its cause is defence hyperinflation, the product of a protracted cold war coexisting with manifold technological changes. Every year, each defence pound, dollar or rouble buys fewer front-line replacements. For twenty years British defence spending has been held roughly constant in ordinary real money terms and in that time our forces have been almost halved.

On the other hand Soviet forces have actually increased but only at enormous cost in the denial of economic, social and political progress. It is no comfort that the weaker Eastern bloc economies feel the pinch more than those of the West as a whole. A militarily strong enemy is dangerous enough; if he risks bankruptcy in the process he may become unstable as well, witness Poland.

Of course, neither a long confrontation nor the military use of technology is anything new, but there now exist two crucial new factors in the equation: the great fertility of late twentieth-century technology and the fact that in the nuclear age, locally, the order of battle for war has to be maintained and constantly updated in peace. Together these circumstances create a new strand in military history which profoundly alters the economics of defence.

Before the atom bomb, nations at peace could rely on a nucleus of armed forces supported by a research and development effort which could be run at tick-over: both could be massively expanded by mobilization if a need was foreseen. Today the military-technological competition between the superpowers, even though they are nominally at peace, is at levels formerly achieved only in war. The modern arms race is a race in which the pace must for ever accelerate so long as neither side dares fall behind.

This is a fundamental problem which cannot be altered much by fewer brass bands or even by new strategies. Defence inflation is now pinching so acutely that in Britain even our long standing bipartisan political approach to defence is crumbling. At the next general election we seem likely to face a choice between continued but weakening deterrence or a return to relative defencelessness and appeasement reminiscent of the middle 1930s. If so, public common sense will probably choose the latter.

When will someone of political stature forward who has the deterrence whilst that is feasible but who also genuinely seeks its successor? To prolong the life of deterrence means promoting greater

political unity in Western Europe where the Alliance wastes at least a third of its nominal strength on internal competition and lack of military standardization. But neither to left nor right does one see, at best, more than a lukewarm attitude to European consociational development.

And where does one see any real belief at all in the development of new international security arrangements? The United Nations has become a sideshow in comparison with the seemingly hard-headed realism of deterrence. And yet historically nuclear deterrence is newer and more experimental than the UN and its predecessor.

As deterrence declines under economic pressure, or creates economic and social unrest in its wake, and as nuclear proliferation increases, we shall be lucky indeed if the inevitable nuclear war is sufficiently localized to enforce new fundamental thinking before it is too late.

Yours etc,  
JOHN DOWNEY,  
Windmill House, Bosham,  
West Sussex.

From Professor Lord Kaldor, FBA  
Sir, Admiral of the Fleet Lord Norton (January 9) regards the maintenance of the Royal Navy at its present size as vital to Western defence. But he fails to consider whether in 10 years' time it will be possible to sustain a navy of present size in the absence of an industrial base.

If present trends and policies are allowed to continue, membership of the EEC, a grossly overvalued exchange rate, highly deflationary fiscal and monetary policies, our industrial capacity of the so-called "traditional" industries, such as steel, engineering and shipbuilding, will have largely disappeared, and we would be dependent on imports from abroad for naval procurement. In peace that may seem a minor disadvantage, but in time of war, the Navy could not be obtained from German, American or Japanese shipyards.

But this is not a satisfactory substitute for an industrial base base, which would give absolute priority to its own needs, and only the residue is made available to others. Moreover for the greatly enhanced requirements in time of war there is no effective substitute for an adequate domestic productive capacity.

This was the main lesson of the First World War, which led, in 1920, to the imposition of high protective duties in a number of specific industries which were considered important for defence capability; and which led, in 1932, by the introduction of a protective tariff on all manufacturers.

These measures enabled British industrial capacity to be sustained (absolutely, if not relatively) in the inter-war period 1924-1970. Since the early 1970s, however, a process of deindustrialization has begun which has acquired a strangely accelerated momentum in the last few years.

It is no coincidence that the period of Britain's greatest preponderance as a naval power was in the middle of nineteenth century when Britain's share of world industrial production was the highest.

Yours faithfully,  
NICHOLAS KALDOR,  
King's College, Cambridge.

## Way ahead in Ireland

From Professor Cornelius O'Leary

Sir, On December 29 *The Times* carried an article by David Morrison: "Why devolution cannot work in Ulster", which argued that a majority of both communities here is satisfied with direct rule from Westminster. On January 6 (Letters), Mr W. S. Moore went further, arguing that the "vast majority of the people of Northern Ireland are content to see direct rule from Westminster continue, not as an expedient but as a permanent institution".

Since these statements, if challenged, may mislead your readers, I should like to point out that while the only positive evidence adduced in support of his case by Mr Morrison came from a survey organized by Mr E. P. Moynihan-Brown of this department in 1978 (in which 95.2 per cent of the respondents agreed with the statement that direct rule was the best way of governing Northern Ireland), Mr Morrison chose to ignore the findings of the Moynihan-Brown survey most relevant to the subject of his article.

In the question which the numerous public opinion polls in recent years would be "the most workable and acceptable", the largest segment of the sample opted for a devolved government with power-sharing for the Catholic community—65.5 per cent of the total (1978) and 65 per cent of the Catholic and 35 per cent of the Protestants)—the very solution to which Mr Morrison and Mr Moore are most opposed! Their ideal solution (continuing direct government from London) drew the support of only 13.7 per cent of the respondents.

Other relevant evidence contrary to the integrationist thesis is the fact that of the 150 or so Catholic candidates on the 26 district committees, not one (as far as I am aware) has supported direct rule as other than a temporary expedient; and also the fact that in the Westminster election of May, 1979, just one candidate stood as a "Labour Integrationist" in the large constituency of South Belfast, and secured a mere 1.5 per cent of the vote.

Yours etc,  
CORNELIUS O'LEARY,  
Department of Political Science,  
The Queen's University of Belfast,  
Belfast.

## University standards

From Mr Robert Rhodes James, MP for Cambridge (Conservative)

Sir, I was considerably startled to read your headline, "Embarrassingly poor" standards at some of the new universities", over an account (January 9) by your admirable Education Correspondent of my speech in Coventry on January 8. I did I say, as reported, that "Some of the new universities are of such poor standard as to be an 'acute embarrassment' to the nation".

What I did say—and your Correspondent had a full text of my speech—was that "we have a large and expensive national university structure of very varying quality and standards", and, at the end of a long passage which mentioned some of the disparities and difficulties in higher education as a whole, I said: "We have institutions of higher learning that are the envy of other nations, and some that are, at least in some sectors, an acute embarrassment".

It is quite true that I said that "There is no question that the actual performance of certain of the new universities has been remarkably poor, and worrying, moreover". I also stressed that while the euphoria and expectations of the early 1960s about expanded higher education had been wildly exaggerated, "we must be careful also not to exaggerate the sense of disillusionment and disappointment about the results that is frequently expressed".

To say that what was a long and personal analysis of the difficulties and challenges facing all sectors of

higher and further education as a specific attack on the new universities is a most uncharacteristic distortion, and which would surprise my large Coventry audience of students drawn primarily from those universities as much as it did me.

Finally, as the text of the speech also makes clear, I am not the Government's liaison officer for higher and further education, but a party.

Yours faithfully,  
ROBERT RHODES JAMES,  
House of Commons.

## Demolished almshouses

From Mr S. R. Gayton

Sir, I read with horrified dismay of the destruction of Denton's almshouses (report, January 14). This is a gross outrage. Denton is a most beautiful village and the almshouses one of its showpieces. Nikolaus Pevsner could devote only 105 photographs to the huge county of Lincolnshire, but one was of these almshouses. This is a tribute to their importance in architectural history. No doubt, the excuse will be the need to balance the books, as though nothing else matters.

Denton is part of the Prime Minister's stamping-ground, not to say the Duke of Rutland's. One wonders what they think of this latest vandalism. Yours faithfully,  
S. R. GAYTON,  
81 Glenammock Road,  
Orpington, Kent,  
January 14.

## Role in the Church of Opus Dei

From the Reverend Father H. S. Thwaites, SJ

Sir, Your Profile of Opus Dei (January 12) struck me as being pleasantly reminiscent of some of the sixteenth and seventeenth-century charges levelled against the Jesuits: secretive, politically inclined; gliding in disguise down the corridors of power; attracting the young, only to brain-wash them; and, to top it all, so distressingly favoured by the Pope.

With hindsight we can see that those critics did not discern the signs of the times. They did not recognize that the Church Militant needed a new sort of militia. And it could be the same today. It would be a pity if the young people, reared in a permissive society, feel the need of the direction and discipline that Opus Dei apparently offers them. And of course we must remember that for disaffected individuals who crave Opus Dei there must be at least a thousand who enjoy it and see no reason for leaving.

If I may add a personal note, I must admit that I have been favourably impressed by what I have seen of Opus Dei products. Since 1958 I have been chaplain to overseas students here in south London, and have met a number of young men who, in East Africa or various other parts of the world, have received their spiritual formation from Opus Dei establishments. One and all have edified me by the quality of their faith and by the way they put their faith into practice. So far as I know there is not a lapse or really anything to be criticised among them. And I judge a tree by its fruits.

Yours faithfully,  
RUGH THWAITES, SJ,  
Catholic International Student Chaplaincy,  
St Marino,  
28 Upper Tooting Park, SW17.  
January 13.

From Dr Anthony D. Clift

Sir, I read with some amazement your Profile of Opus Dei, as it has been compared with my own experience as a member for several years. I suppose its main defect was that it sought to represent the organization as rigid, conformist and overbearing without even touching on the freedom of action which is so clearly the basis of its membership. This freedom exists on joining and of course in being able to leave at any time, as well as in the spiritual observances recommended, which can of course be carried out by any Catholic whether a member or not.

When I read of its appeal to the "lonely, emotionally immature and those with an unfulfilled sense of mission" I really had to reach for my spectacles just to make sure! As a busy GP with a fair research and teaching programme, as well as being a family man with 12 children, I really felt I didn't quite fit the picture! (My immediate "mission" this afternoon was to hold my own in a snowball fight!) The beautiful concept of making one's work acceptable to God is not unique to Opus Dei, but in excess of that their members make an attempt, however inadequate, to achieve. I feel many of your readers would empathise with us.

Yours faithfully,  
ANTHONY D. CLIFT,  
Broomfield,  
Manchester Old Road,  
Middleton, Manchester.  
January 13.

## Hopes for diabetes

From Dr Arnold Bloom

Sir, My attention has been drawn by parents of diabetic children to your report (October 23, 1980) on the portable insulin pump being tried for the treatment of diabetes. The report quoted some frightening statistics about the expectation of survival and health for children developing diabetes.

Unfortunately, it is true that when control of the diabetes is poor and the sugar in the blood is all the time considerably in excess of normal, dangers to the future health accrue. But in recent years, thanks to intensive research, we have a better understanding of how to avoid these dangers. There are many diabetics in good health who have been injecting insulin for over 50 years.

Of course, to achieve success in the long term demands of the diabetic self-discipline and knowledge. It is unreasonable to expect people to accept restrictions without understanding the reasons for them and this is where the British Diabetic Association plays such a helpful role.

Some 1,500 children in Great Britain develop diabetes every year. Never was the future more hopeful for them. I look forward in my lifetime to seeing diabetes in children controlled without the tyranny of the needle; and certainly when the complications we now see will become more and more a rarity.

Yours faithfully,  
ARNOLD BLOOM, Chairman,  
British Diabetic Association,  
10 Queen Anne Street, W1.  
January 12.

## Voice from the past

From Lieutenant-Colonel O. R. Nicholas

Sir, I would like to add a footnote to the obituary (January 12) on RSM Brittain. I am not sure that his voice was the loudest in the British Army, but it was undoubtedly the most penetrating.

He was, indeed, fair. When one officer cadet dropped his rifle on parade, a mortal military sin, several warrant officers and NCOs converged at the double upon the miscreant, brandishing note books in which to "take his name". They were obliged to sink away when the RSM, lowering his voice to a muted bawl, announced: "Let him alone—he was trying".

He was a great man, not only in size. I have the honour to be, Sir, your obedient servant,  
O. R. NICHOLAS,  
Langway,  
St Johns,  
Woking, Surrey.  
January 13.







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## THE ARTS

## A skilful but over-sentimental approach to death

Tribute (AA)

Leicester Sq. Theatre

Times Square (AA)

ABC Shaftesbury Av.

Blood Feud (X)

Odeon, Kensington

emotional bonds with his son; but it seems far too late to get to know—or even like—this inhibited, priggish, awkward and deeply resentful boy.

The play (and that is what *Tribute* is and remains, the screenplay, Bernard Shaw's first wrote it as a stage vehicle for Jack Lemmon) is concerned with working out a new relationship between them. The boy overcomes Scottie's fatalistic refusal of medication, in order to give the two of them time to discover respect and love. It all ends sort of happily: it is made clear that Scottie's return to health is merely a "restitution"—a favourite new medicodramatic device.

As a play (and the director, Bob Clark, does not attempt to hide up the stage devices) it is a fine actors' demonstration piece. Jack Lemmon has enough good one-liners to keep any comic actor happy, as well as a chance to show his range and pathos: he is admirable in the moments when the comic bravado is thin enough to show the real fear underneath. It is a dominant performance, but is not enough to eclipse the supporting players: Robby Benson—too cute, maybe, for a girl's role—is an intelligent young actor, often better in control of the sentimental bits than Lemmon himself. Lee Remick is coolly touching as the still loving former wife; John Marley is the loyal and patient partner; the marvelously crusty Colleen Dewhurst plays Scottie's devoted doctor.

There, though, lies the difficulty of the film, for English audiences at least. Everyone is so patently loyal and loving, patient and devoted, with Scottie the warmest, kindest, most lovable human being of them all, that the sugar starts to cloy right from the start, when Scottie organizes a subscription dinner at Joe Allen's for a retiring call-girl (and it is a dubious proposition that anywhere in the world one whose salary would all sit easy at the same table). In the final, a public tribute for Scottie himself, when there is not a dry eye in the crowd and one friend after another proffers his eulogy and Scottie responds with rolling tears and falling veils.

Such moments of unabashed unrestrained and, it must be said, entirely contrived peaks of sentimentality emphasize acute differences of national temperament; and may make it hard for English audiences to admire the high professionalism of the performances.

The Robert Stigwood Organization, which has, rather accurately tracked the course of big business musical entertainment, from *Hair* to *Grease*, may very well be on the right lines again with *Times Square*, which represents a sort of educated punk, toned down to the taste of the nicer kind of kids.

The film is directed by a 33-year-old Canadian, Alan Myrie (who has previously made one feature, *The Rubber Gun*, in Canada) and written by Jacob Brackman, who is remembered as the writer of *Bob Fosse's The King of Marvin Gardens*. It is a favourite strategy for youth films, of in-

Father-son relationship: Robby Benson and Jack Lemmon in *Tribute*

venting a synthetic anti-establishment idol. Nicky is an abandoned, delinquent orphan from the wilderness of 42nd Street; Pamela Penn is the 12-year-old daughter of the mayor's commissioner appointed to clean up the Times Square area. They meet when they are both patients in the same ward of a psychiatric hospital.

Nicky organizes their escape from the hospital in a stolen ambulance. Swearing blood sisterhood, they set up home on a derelict pier. Nicky's ambition to achieve city-wide notoriety for them is fostered by a disc jockey of uncertain motives, who chronicles their exploits—

they include ritual destruction of television sets by hurling them from high places. As the "Sleaze Sisters" their songs and their example attract a growing following of angry, frustrated teenagers. Their

career climaxes in a public concert in Times Square, with Nicky performing her songs from the marquee of a city theatre, as the police close in.

There is no pretence that it is anything but a fable and fairy tale: it needs a very high suspension of disbelief not to question their economic affairs, their city rank paid on the spot, the inability of the police to trace such public characters, the management of the radio station and the sanity of the disc jockey (played by Tim Curry, who can not make much sense of the role but settles for an enigmatic, mephistophelean stance).

Fairy tales are fine, of course it is only questionable, mildly, whether disturbed children and runaways on the New York streets are really the result for a part of fairy tale cult to take seriously nowadays, even with its solemn and beautiful music, nobly sung by John Tomlinson).

It is not quite true that the piece has been forgotten here for 50 years: I saw it on stage at St Pancras Town Hall in 1958, and have a programme to prove it, though no detailed memories beyond that of succumbing altogether to its beauty and viability. ENO has made it a handsome show to watch and hear, give or take a reservation. *Alceste's* permanent set shows a charming vista of Capulet's house and urban surroundings, lightly delineated, pastel-coloured, airy in atmosphere, with cypress and distant hills for enhancement. The ghostly father's cell would be better curtailed off from this background.

Colin Graham's production deals busily with the rivalry of households, and the Capulet festivity, very tenderly with the love scene. It is a pity that Romeo's climb half-way to Juliet's balcony in justification of "O that I were a glove upon that hand/That I might touch that cheek!" John Brecknock looks the part of Romeo, with good as any. He sits broadly on a wide chair, expropriating fictional violence turned to fatherly kindness.

The other regular professional, Joan Court, is a social worker. Blinking with an authoritative shyness in front of the camera, she is quite obviously pure gold when you are confiding privately to her that you are tempted to throw your child from a high balcony. Her's is the model of the non-judging presence.

Otherwise, it is mostly mothers telling each other, and now us, how small children can drive you mad and that when you reach breaking point there are self-help groups, GPs, health visitors, social workers and the

measures of Wolf's setting were caught delightfully by both performers, though Miss Walker's top register was not yet in true, bright focus; but she gave to Schumann's last, sombre and somewhat awkward Maria Stuart songs a moving tenderness and sense of musical purpose.

Not essentially a miniature like Grieg, Schellius could write accompaniments which at times feel almost too large for the poetry they support; yet Roger Vignoles brought colour and light momentum to Sarah Walker's flexible, burgeoning phrasing of "Spring, swiftly" and equalled her wonderfully dramatic characterization of "The Trust", its last line darkly powerful in strong chest voice.

Five—Grieg songs were grouped round "Fra Monte Pinocchio" its broad, canvas unveiled with an effective fullness of vocal tone and breadth of line that could turn, in the short dying recollections at the end, into a remarkably firm pianissimo. Warmly expressive, too, was Miss Walker's controlled integration of dynamics and line over the slow, widely arching "Th En" and the sense of movement, light and joyful expectancy in the rowing song from Grieg's exquisite settings of Vilhelm Krag's folk poetry.

With some thrilling sounds from Miss Walker's by now brightly resonant top register, Dvorak's Cypso Songs were performed with panache but also a movingly projected involvement in the shifting colours of their emotional life.

Some of the reviews on this page are reprinted from yesterday's later editions.

Romeo and Juliet  
Coliseum

William Mann

People who care about operatic repertory in this country regularly grumble that our companies light shy of French works, apart from *Carmina Burana* (and since last year, *Tales of Hoffmann*). The usual reaction is to drag out *Samsen et Dalila* to little avail. This time, the English National Opera, in an access of blessed inspiration, has decided to mount a production of French music, in the direction and selected Gounod's *Romeo et Juliette*.

The presence in the company of Valerie Masterson must have made the choice easier, but in any case this is an opera that should never have been dropped from British repertory. The adaptation from Shakespeare is skilful and, in addition, quite loyal. Gounod's music is masterly in establishing situation and character, in harmony and rhythm perfectly characterizing French music at that time (1867), in melody agog with the freshness and urgency of young love.

The difficulty of finding singers nowadays with any conception of French romanticism is a real one. The command of the language is at least partly met at the Coliseum by the English language tradition of the company. Gounod's opera is sung there in Edmund Treacy's new translation, a quite intelligible even when Shakespearean sentiments are not available (as in Friar Lawrence's wedding solo, pure French bourgeois Catholic polyphonic propensities, difficult).

I was sorry that Stuart Harding made such heavy weather of Mercutio's song about Queen Mab, not least when he acted and sang the fatal duet with colleagues soon follow suit.

When the Bough Breaks  
BBC 2

Joan Bakewell

Confessions have always been the raw stuff of popular journalism, making us feel smugly superior where they concern human weakness and smugly left out where they concern human sexuality. Or not, depending.

In an altogether different key some amazing things are being said on BBC 2 these days. Or almost said. In this remarkable series, young mothers are coming forward and speaking of the violence in their lives: violence towards husbands; violence towards children. They refer to it as "child abuse". A carefully diffused term. What they mean is hitting, thumping, smacking, screaming, pain. There is not a testimony to make anyone feel smug, especially anyone who has

Walker/Vignoles  
Wigmore Hall

Hilary Finch

The flight of wild geese, white in the sunlight, a swirling gypsy dance, the grief of an exile, the first elusive breaths of spring: all were vividly recreated by Sarah Walker and Roger Vignoles on Wednesday night through a wide range of both musical and verbal language.

Songs by Sibelius, Grieg and Dvorak in their original language were preceded by Wolf and Schumann in one of the richest recitals of the Wigmore series. The delicate precision of Mürke's poetry and the fine

Romeo and Juliet  
Coliseum

William Mann

People who care about operatic repertory in this country regularly grumble that our companies light shy of French works, apart from *Carmina Burana* (and since last year, *Tales of Hoffmann*). The usual reaction is to drag out *Samsen et Dalila* to little avail. This time, the English National Opera, in an access of blessed inspiration, has decided to mount a production of French music, in the direction and selected Gounod's *Romeo et Juliette*.

The presence in the company of Valerie Masterson must have made the choice easier, but in any case this is an opera that should never have been dropped from British repertory. The adaptation from Shakespeare is skilful and, in addition, quite loyal. Gounod's music is masterly in establishing situation and character, in harmony and rhythm perfectly characterizing French music at that time (1867), in melody agog with the freshness and urgency of young love.

The difficulty of finding singers nowadays with any conception of French romanticism is a real one. The command of the language is at least partly met at the Coliseum by the English language tradition of the company. Gounod's opera is sung there in Edmund Treacy's new translation, a quite intelligible even when Shakespearean sentiments are not available (as in Friar Lawrence's wedding solo, pure French bourgeois Catholic polyphonic propensities, difficult).

I was sorry that Stuart Harding made such heavy weather of Mercutio's song about Queen Mab, not least when he acted and sang the fatal duet with colleagues soon follow suit.

When the Bough Breaks  
BBC 2

Joan Bakewell

Confessions have always been the raw stuff of popular journalism, making us feel smugly superior where they concern human weakness and smugly left out where they concern human sexuality. Or not, depending.

In an altogether different key some amazing things are being said on BBC 2 these days. Or almost said. In this remarkable series, young mothers are coming forward and speaking of the violence in their lives: violence towards husbands; violence towards children. They refer to it as "child abuse". A carefully diffused term. What they mean is hitting, thumping, smacking, screaming, pain. There is not a testimony to make anyone feel smug, especially anyone who has

Walker/Vignoles  
Wigmore Hall

Hilary Finch

The flight of wild geese, white in the sunlight, a swirling gypsy dance, the grief of an exile, the first elusive breaths of spring: all were vividly recreated by Sarah Walker and Roger Vignoles on Wednesday night through a wide range of both musical and verbal language.

Songs by Sibelius, Grieg and Dvorak in their original language were preceded by Wolf and Schumann in one of the richest recitals of the Wigmore series. The delicate precision of Mürke's poetry and the fine

## Book review

The Theft of the Countryside

By Marion Shoard

(Temple Smith, £9.00, £4.95 paperback)

Beningfield's Countryside

By Gordon Beningfield

(Allen Lane, £7.95)

I read most of Marion Shoard's book on two train journeys, from London to Bath and to Stratford-upon-Avon, constantly glancing out of the window to see how far her dire warnings were being realized. For most of the time I was reassured by the sight of still flourishing hedges and copses, streams and watermeadows. But here and there, particularly in the Midlands, where the ploughed earth stretched away under the winter sun, I began to share her fears.

Readers of the letters column of *The Times* will be familiar with those fears; namely that the traditional and widely loved appearance of the English countryside is being systematically destroyed by modern farming methods. Of the passionate sincerity of Miss Shoard's convictions there can be no doubt, but whether the polemic she employs is likely to further her cause is questionable, for her book is a polemic, impervious to his heritage, activated solely by profit, outrageously subsidized to produce food surpluses which nobody wants. She claims at one point to have taken a survey of the countryside, but she grants them neither space for

her views nor credit for their achievements. A chapter entitled "The Farmers' Case" is devoted entirely to discrediting Government agricultural policies. But given that her's is not an objective viewpoint, it is one none the less that arouses disquiet. The statistics she presents, notably on the near extinction of many wildlife species and on the destruction of ancient archaeological remains, are thoroughly alarming. She is rightly observed that too much conservation emphasis is laid on wild mountain and moorland landscapes which were never as seriously threatened as are areas like the South Downs, the Norfolk Broads, the Chilterns, and the Cotswolds. The case of the Cranham Down in West Sussex, vividly illustrates how a cherished beauty spot can be ruthlessly destroyed in the face of imminent protest.

The same lament for a vanishing countryside is echoed in the commentary with which Mr Beningfield intersperses his collection of soft, misty paintings and delicate sketches. The pictures themselves form the *raison d'être* of the book, but there is a subtextual anger in the text when he inveighs against the "pure vandalism" and something that a few years ago would have earned its perpetrator instant dissection.

Conflicting interests, he intimates, are likely to be solved by designating a few outstanding areas of countryside as museum pieces for visitors who want to see a landscape of once looked like, and elsewhere allowing farmers, industrialists, builders, and developers to do as they please. It surely will never come to that. Or will it?

John Young

## Pleasures renewed

The Workshop  
Hampstead

Irving Wardle

There are plays that you revisit like a foreign country, and one you visit like old friends. And in spite of its Paris setting, Jean-Claude Grumberg's seven-year chronicle of the back-street rag trade (beautifully anglicized by Tom Kempinski) definitely belongs in the second category.

When I first saw Nicholas Kent's Oxford Playhouse production last autumn, my chief impression was of the author's skill in showing a society recovering from the one small working group. That interest is still strongly there, in the post-occupation debates on bread-shortages, the relative merits of the Kravits and the Yanks, the queuing at the edge of our seats. Grumberg and the steady return to normal with union activism invading the workshop where it will no longer do to make an overcoat with two arms. As M. Lenoir, with two arms, says, "We are now in a prewar period. We are now in a prewar period."

But more immediate than any public issue is the pleasure in watching the girls again and seeing how they are getting on. It is their personalities, their hostilities and alliances, and their varying survival tactics that give the play its episodic piece its vitality.

Mr Grumberg's sovereign dramatic quality is the care he takes over trivial detail. These

Before the well-suggested nightmare of that moment, the dark, the girls, the girls, by turns creating sorrow, frustration, comedy and, recurrently, a sexy condemnation of K's susceptibility to women.

Which emphasizes the horror of the situation and which amplifies the hypnotic nature of the very effective storytelling.

A special kind of training for a special kind of care

There are thousands of disabled children, with many kinds of handicap. And they all need more than just looking after. They need to be shown how to cope with their disabilities, and possibly overcome them.

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HENRY JACOBSON ICA

seven women carry the weight of terrible memories, but what counts now is Marie's exasperation at crossing town on a day when the cloth runs out and group resentment against Marie monopolizing the privileged place by the window (even though there is nothing to be seen outside). An eye-catching row develops out of this during Marie's marriage; part; then, in one of the play's characteristic reversals of sympathy, the touchy old prudish reverts and offers the bereaved Simone a view of the empty courtyard.

By such modest means, attention is built up for events on the workshop from the bashful Giselle (Jennifer Pierce) with her weakness for romantic songs, and Sandy Ratcliff's Mimi, armour-plated with dance-hall maquillage and phallic repartee, to the boss and tough, the overbearing wife (Carolyn Hutchinson). The one crucial addition to the splendid cast is Lee Montague whose volcanically comic performance as the Jewish boss redistributes the balance of the production, with two arms, says, "We are now in a prewar period. We are now in a prewar period."

Its centre, however, remains Lynn Farleigh's Simone, the finisher, first confidently expecting reunion with her deported husband, and finally making do with the penultimate death certificate: a superbly truthful performance in which the public and personal elements are indistinguishable.

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Sitting Ducks

Some of the reviews on this page are reprinted from yesterday's later editions.

HENRY JACOBSON ICA



**§ Forward bargains are permitted on two previous days**

هكذا من الأصل



## Tax options in the next Budget page 19

|                          |                         |
|--------------------------|-------------------------|
| <b>Stock markets</b>     |                         |
| FT Ind 448.5 up 2.5      | FT Gilt 68.06 down 0.41 |
| <b>Sterling</b>          |                         |
| \$2.4015 up 45 pts       | Index 79.7 up 0.3       |
| <b>Dollar</b>            |                         |
| Index 86.8 unchanged     | DM 1.9990 up 65 pts     |
| <b>Gold</b>              |                         |
| \$573.50 up \$14         |                         |
| <b>Money</b>             |                         |
| 3 month sterling 144-145 | 3 month Euro \$ 181-182 |
| 6 month Euro \$ 171-17   |                         |

### IN BRIEF

## Bonn to lead Turkish credit talks for OECD

West Germany will lead the Organization of Economic Co-operation and Development efforts to assemble a further package to Turkey this year, after leading similar efforts in 1979 and 1980, Mr Turgut Ozal, the Turkish deputy prime minister, said in Bonn.

He made the announcement during a discussion of Turkey's economic and political situation with Herr Helmut Schmidt, the West German Chancellor, Herr Hans-Dietrich Genscher, the foreign minister and senior government officials.

Turkey seeks OECD credit in excess of \$1,300m (nearly £542m) this year, compared with \$1,600m pledged by the organisation in 1980.

### Massey solution

Barclays Bank is optimistic that bankers will reach agreement by the weekend on the Massey-Ferguson refinancing through an interest forgiveness plan, a Massey spokesman said in London. The total of loans under discussion has been the \$Can1,500m (about £528m).

### Kuwait crude find

The state-owned Kuwait Oil Co has apparently discovered a major oil field in the northern part of the Gulf Sheikdom, near the existing Sabriya field. It is said to be "a very heavy oil".

### Plant to employ 600

Panel Plus Industries, manufacturers of self-assembly furniture, are to open a new factory at Peterborough with the creation of 600 new jobs.

### 1,400 on short time

A slump in the sale of men's shoes has forced the British Shoe Corporation to put 1,400 workers at their factories in Kettering and Northampton on a four day week, starting from today. This brings the total of short time shoe workers in Northamptonshire to 14,000 with nearly 2,000 being made redundant.

### Unit trust sales up

Unit Trust sales in 1980 were the industry's best ever at £531m, but repurchases—sales of units back to the managers—were also a record at £424m, leaving net sales of £108m, well below the industry's high of £258m in 1968.

### More petrol rises

Pump prices of BP and Texaco petrol are to rise by around 5p per gallon. Both companies followed Shell, Esso and Mobil yesterday in increasing the price of their whole-sale deliveries from midnight last night. The cost of heating oil is also up.

### Grand Met profits

Grand Metropolitan, the food, drinks and hotels conglomerate headed by Sir Maxwell Joseph, increased profits by nearly 12 per cent to £152m last year.

Financial Editor, page 19

### Wall Street higher

The Dow Jones industrial average closed 3.50 points up at 969.97. The S&P 500 was 1.26776. The E was 0.528454.

## State ready to start loans scheme for small businesses

By Bryan Appleyard

The Government is now ready to introduce an experimental loan guarantee scheme for small companies. It will involve up to 5,000 Government-guaranteed bank loans to small companies in the financial year 1981-82.

The clearing banks are to be told next week and the plan is likely to be announced in the Budget, although there are some suggestions that it could become official before that.

At this stage the loans appear to be planned on a nationwide first-come-first-served basis, and both the demand and risks involved will be used to assess whether loan guarantees should be introduced on an unlimited basis.

It is almost certain that under the experimental scheme the banks will be expected to take 25 per cent of the risk with the remaining 75 per cent underwritten by the Government.

The idea behind loan guarantees is to help small businesses which require loan capital but which fall short of bank lending criteria of security or balance sheet ratios.

Small business campaigners have been arguing for years that perfectly viable businesses have been denied capital and that the Government should be ready to shoulder some of the risk by underwriting bank loans.

During the last Labour Government Mr Harold Lever first proposed the idea, but it ran into concerted opposition from civil servants in the Department of Industry. The DoI was concerned at the administrative burden which would be created by such a scheme and at the possibility of excessively high levels of borrowings among small companies.

Under the Conservatives the prime objection has been that such a scheme would involve

an unacceptable degree of intervention in industry and an increase in the quantity of government-backed paper in circulation with the resultant upward pressure on interest rates.

However, consistent pressure from the small business lobby has been paying dividends. Mrs Thatcher herself appeared to have changed her mind on the issue some weeks ago after initially opposing the idea and now Sir Keith Joseph, the Secretary of State for Industry, is understood to have accepted that the scheme should be given a trial.

One big consideration is that a full-blooded loan guarantee scheme could inject between £1,000m and £10,000m of new capital into small companies and create substantial new employment.

The latest move follows some weeks of indications that civil servants were now taking a more positive view of the idea.

Officials from the Treasury, the Department of Industry and from the DoI's small business unit have all been pursuing extensive consultations with small business experts, all of whom comment that the atmosphere had changed radically in recent weeks.

One consistent force against the idea from the beginning has been the banks. However, since last summer they appear to have accepted the possibility of the scheme and the weakness of their opposition may well have played an important part in this latest development.

In another development for small businesses Mr John Page, (Harrow West, Conservative) has tabled a private member's bill which would create a special Minister of State for Small Businesses.

Although this bill as such is unlikely to get a hearing, Mr Page believes the Government is in favour of the idea in principle.

## Lloyds & Scottish joins race to buy UDT

By Roman Eisenstein  
Banking Correspondent

Lloyds & Scottish, the finance house jointly controlled by Lloyds Bank and the Royal Bank of Scotland, is making a £106m bid in cash and shares for United Dominions Trust, the once troubled finance house which is itself trying to merge its consumer credit interests in Britain with the Trustee Savings Bank.

Mr George Duncan, chairman of Lloyds & Scottish, said yesterday that his company had to act unilaterally without prior discussions. There had been rumours of an impending bid and the UDT shares had moved ahead, he said. They were 42p before the announcement but earlier in the week before the rumours started they stood at 37p.

Under the terms proposed by Lloyds & Scottish, shareholders in UDT would receive 43.35p in cash and 11.64p in ordinary shares of Lloyds & Scottish for each UDT share. This values each UDT share at 55p, compared to an asset value of 51p.

Lloyds & Scottish intends to raise more than £80m by issuing shares to Lloyds Bank and the Royal Bank of Scotland. Each bank owns nearly 40 per cent of Lloyds & Scottish, and by taking up shares it will maintain the present level of shareholdings.

Last May, Lloyds & Scottish did a similar money raising exercise when it



Mr Mather: talks on TSB deal still continuing

bought Talcott Factors, of the United States, for £15m and raised the money from its two main shareholders.

If the deal goes ahead, the joint group would become one of Britain's largest finance houses. With outstanding debts of some £900m, it would be slightly ahead of Forward Trust, which is owned by the Midland Bank, but behind Mercantile Credit, which is owned by Barclays Bank and has outstanding debts of £1,000m.

Mr Duncan said yesterday that the merger "will conform to our philosophy of balanced portfolio. The group together will add quite a deal of strength to both of us". Both Lloyds & Scottish



Mr Duncan: market rumours triggered unilateral action

and UDT have substantial interests outside their traditional finance house activities.

Lloyds & Scottish has interests in factoring, tractor distribution, television rentals and computer services.

UDT's main non-finance house subsidiary is the International Commodities Clearing House. This company stands on its balance sheet at £16m, but analysts in the market think it is worth a good deal more. With the proposed extension of financial and gold futures to London, its prospects could be alluring to Lloyds & Scottish, especially as its profitability is counter cyclical to that of a finance house.

Other UDT activities include vehicle hire, construction and engineering.

The profits of finance houses normally fall when interest rates are high and several of them have tried to protect themselves against the cycle by diversifying.

Since last August, UDT has been negotiating with the Trustee Savings Bank for a deal under which it would exchange 75 per cent of its consumer credit activities in Britain for £57m, of which £12.5m would remain in UDT. A joint hire purchase company, Talks have not been completed yet because of technical hitches.

But yesterday Mr Leonard Mather, chairman of UDT, said that talks with TSB were continuing. "The TSB deal is still proceeding", he said. Mr Mather stressed that the Lloyds & Scottish approach came as a "complete surprise".

Yesterday a spokesman for Trustee Savings Bank said that its deal with UDT was going ahead.

The UDT board will be holding discussions in the next few days to decide on its response to the Lloyds & Scottish approach.

Lloyds & Scottish said that the deal was subject to the recommendation of the board of UDT and to details on trading. In fact, with 37 per cent of UDT shares in the hands of Eagle Star and Prudential Assurance, the outcome is likely to be decided by the attitude of these two institutions.

## Pay cuts demanded over new Chrysler loan

Washington, Jan 15—Chrysler workers in the United States are being asked to sacrifice \$622m (about £235m) in wages, cost of living benefits and company pension contributions.

This has emerged as one of the toughest financial conditions being demanded by the Chrysler Loan Guarantees Board in return for a fresh \$400m (£156.67m) cash injection to save the bankrupt car company.

Chrysler has also been told to seek a possible merger with another manufacturer.

The board also is insisting that Chrysler try to wrest concessions worth millions of dollars from suppliers and past lenders by the weekend.

Mr Lee Iacocca, the Chrysler chairman said: "It's a super deal".

But Mr Douglas Fraser, president of the United Auto Workers' Union, expressed dismay at the terms required for the loan.

"This is the worst economic settlement we've ever made, but the only thing worse is the alternative... no jobs for Chrysler workers", he said.

Company officials said that their most difficult task would be convincing the 125 banks and insurance companies that have lent money in the past, to accept preferred stock in Chrysler as payment for \$500m in old debts.

Chrysler also would have to convince the lenders to accept 30 per cent of the new \$400m repayment for another \$500m.

Under the loan board's conditional approval, Chrysler would have to persuade its suppliers to make concessions totalling \$72m over the next year.

Mr William Miller, America's Treasury Secretary who heads the loan board, said Chrysler would have to agree to "commit itself to take all possible steps to obtain an infusion of capital through merger or other means".

Mr Iacocca told reporters the company had been exploring various international ventures, but was not yet ready to talk of a loan.

The loan board has fixed another meeting for today and expects the company to produce assurances that the various concessions will be made by workers, lenders and suppliers.

Mr Miller said that if the assurances were not given the request for aid would have to be referred to the Reagan Administration, which takes office on Tuesday.

But both Mr Fraser, for the union, and Chrysler officials have said they cannot afford to wait that long since the company could run out of cash within the month unless it gets immediate assistance.

They were concerned that it may take Mr Donald Regan, the new Treasury Secretary, some time to become familiar with the problem—possibly more time than Chrysler appeared to have.

Already Chrysler has drawn \$880m of the \$1,500m in loan guarantees approved by Congress.

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## Chemical workers win promise of shorter hours

By David Felton  
Labour Reporter

The threat of industrial action in the chemical industry next week was averted last night when employers and union negotiators reached agreement on a shorter working week in two years' time.

The unions had threatened to institute a national overtime ban if the employers refused to guarantee a reduction in working time, which was one of the issues outstanding from last year's pay settlement covering the industry's 60,000 process workers.

Under the agreement last night a 36 hour week, a reduction of two hours, will be introduced in May, 1983. In the meantime process workers will receive an extra day's holiday next year on top of the four weeks' holiday they receive at the moment.

Mr David Warburton, the General and Municipal Workers' Union national industrial officer, said after yesterday's day-long talks: "I am very pleased with the progress we have made today."

"It is a significant improvement on the employers' previous position which was to offer a reduction in the working week from 1984."

Last night's agreement will now be put to regional conferences of the union and





## UK seeks amendment on liability

Britain is seeking support of other European Community countries for early amendment of the EEC Commission's product liability directive.

The absence of this amendment could inhibit innovation and raise the cost of insurance cover for industry, Mrs Oppenheim said in an interview at Bonn.

## New York surplus

New York City is likely to have a budget surplus of \$200m (about £83m) in the fiscal year ending June 30, because of higher than expected revenues, Mr Harrison Goldin, the Comptroller said. He predicted a surplus of around \$23m for fiscal 1982.

## Energy survey call

The United States should take the "very prudent and practical step" of conducting a survey of national energy resources, Mr John R. Grey, the president of Standard Oil of California, said in Bakersfield. A limited survey of uranium reserves is already under way.

## Elf halts exploration

The French state-owned Elf Aquitaine oil company has decided to postpone indefinitely operations in areas covered by five oil exploration permits granted recently by Libya.

## Aircraft study

CAAC, the Chinese national airline is undertaking a study of foreign aircraft with the aim of buying one or two types for use on domestic and international routes, Mr Shen Tu, the CAAC director-general said, in Peking.

Americans will benefit from expertise of European subsidiaries

## US poses latest threat to car industry

By the mid-1980s, the main threat to the European car industry would come not from the Japanese but from American manufacturers, Dr Walter Haselkuss, managing director of Germany's BMW subsidiary said in London yesterday.

American manufacturers have fallen behind both European and Japanese car makers in technical development and manufacturing processes. Now they are using the expertise of their European subsidiaries and, in the next few years, both Ford and General Motors will benefit from the development work carried out by the engineers of their European subsidiaries, he said.

When this was added to the estimated £1,200m being invested by the American car industry in the next few years, the European industry will be faced with a much greater challenge than that ever posed by the Japanese.

The challenge had to be faced in both Britain and West Germany by not increasing

sales faster than productivity and by not lessening productivity through absenteeism.

West Germany's metal workers' union was, according to Haselkuss, expected to increase its wages by eight per cent, which was three per cent more than the rate of inflation, a problem that was also occurring in the United Kingdom. The effective working week in Germany was 31.5 hours compared with 35 hours in the United States and 39 hours in Japan.

Despite a generally accepted forecast that the United Kingdom new car market could fall by about 6 per cent this year compared with 1980 to about 1.42 million units, BMW, like other European importers, was hoping to increase its market share. It expected to sell 15,000 cars in the United Kingdom this year, a 12 per cent rise on 1980.

A group of British motorists still demanded high quality cars and the company had been forced to double production for

the United Kingdom market of the £21,000 230i special equipment saloon made in the United Kingdom.

Dr Haselkuss criticized price-cutting undertaken by some car manufacturers in the United Kingdom market. "If all imported car makers cut their prices in relation to the strength of sterling, this would seriously damage the competitiveness of British manufacturers."

This is a dangerous path to follow, as Europe needs a British motor industry and an attack on it is an attack on the British economy, he said.

BMW car prices rose by an average of 1.5 per cent last year and he did not foresee any further increases in 1981.

Edward Townsend

## MPs hope for grant aid to modernize Vauxhall

Four Cheshire MPs seek urgent talks today with top Vauxhall management to press for large investment—with possible government aid—at their Ellesmere Port, Cheshire, factory.

Vauxhall yesterday announced nearly 3,000 redundancies at the plant, saying they were necessary to protect its long-term future.

The MPs, Mr David Hunt (Wirral, Conservative); Mr Barry Porter (Bebington and Ellesmere Port, Conservatives); Mrs Lynda Chalker (Wallasey, Conservatives); and Mr Frank Field (Birkenhead, Labour) said yesterday they had been told unofficially that the Government would be prepared to "look favourably on any application for grants to modernize the factory."

Mr Hunt described yesterday's announcement as "appalling" and said there were fears that Ellesmere Port may be downgraded to an assembly plant with a less skilled workforce.

Overall Vauxhall want to shed 5,700 jobs by voluntary redundancies and a programme of retirements at their Ellesmere Port, Luton and Dunstable plants.

Apart from government grants, Mr Hunt said loans could be available from the European Investment Bank at favourable interest rates.

He claimed the adjoining Bowater paper mill, which closed in November with the loss of 1,600 jobs, had been offered about £34m in similar grants and loans.

native with the company. Vauxhall has already announced a long-term policy to use British car factories to assemble parts made on the Continent.

At present, the 9,000 workers at Ellesmere Port produce the successful Chevette, making most of the main parts as well as assembling the cars.

Yesterday the company announced that by the end of the year the new Astra model would be assembled at the factory from German parts.

Today, shop stewards were meeting to discuss the redundancy plan. Mr Cliff Keach, Wirral district secretary for the engineering union, who has 4,000 members at Ellesmere Port, said it was too early to say what the response of the workforce would be.

He expected the unions to have drawn up a "common policy" towards the job losses by the time the company's joint negotiating committee meets next Thursday.

Talbot, chairman of Talbot UK, told government ministers yesterday that no decisions had been made by the company or its parent, PSA Peugeot Citroën of France, about the nature or scale of its future activities in the United Kingdom, Edward Townsend writes.

The meeting, attended by Sir Keith Joseph, Secretary of State for Industry, Mr Norman Tebbit, Minister of State for Industry and Mr George Younger, Secretary of State for Scotland, followed considerable speculation in recent months about Peugeot's intentions for the United Kingdom operation.

## Commerce chamber joins attack on stock relief plan

By Peter Wainwright

The London Chamber of Commerce and Industry, which represents 8,000 companies, has joined the attack on the Inland Revenue's proposals for reforming methods of stock relief.

The Revenue's consultative paper, published in November, proposed to reduce company tax relief to the extent that stocks are financed by borrowings.

The chamber argues that to apply the credit restriction only in cases where stocks are more than £1m is "arbitrary". Evidence is growing, it says, that the method indicated in the consultative paper will "considerably" reduce relief available to manufacturers.

It adds: "It is therefore essential for the Government to

press on with a more thorough review of taxation based on inflation-proofed accounts, and to produce the Green Paper as soon as possible."

The chamber welcomes a proposal which would remove the danger of a drawback of tax relief granted in earlier years as companies' stocks fall, but it says that a case can be made for no drawback at all, even on cessation of a business.

At the least, it argues, there should be no drawback of relief if a business ceases operations in one trade and starts another. It suggests also that when a trader suffers an abnormal fall in stocks for reasons outside his control, he should have the opportunity to claim relief based on stocks held over the financial year.

## Study centre says training boards should be abolished

By Our Industrial Staff

Industrial training boards (ITB) are the subject for scathing criticism in a new report by the Training Study Centre for Policy Studies.

The report, which is a waste of public money and all 23 of them should be abolished. The report concludes that the boards have not fulfilled the purpose for which they were conceived.

Their continued existence is a waste of resources, a drain on the finances of industry, and a totally unnecessary claim on public funds. The only people who now benefit from ITBs are those who work in them.

The report comes after a government decision to reduce state funds given to the boards to cover operating costs. Earlier this week the Engineering Industry Training Board said that

until the funding issue had been resolved, plans for new training courses would be suspended.

The centre—founded in 1974 by Mrs Thatcher and Sir Keith Joseph, Secretary of State for Industry—says that the training boards cost more than £93m in Exchequer support in 1978-79.

The system is wasteful, causes unnecessary paperwork, is "fiendishly" complicated, affects small companies adversely and has results that cannot be measured.

The authors call for greater priority to be given to efforts to help the unemployed and the disabled.

Industrial Training Boards: Why They Should Be Discontinued, Centre for Policy Studies, 8 Wilfred Street, London E3.

## LETTERS TO THE EDITOR

### Mr Steel's plan for economic recovery

From Mr Michael Meacher, MP for Oldham West (Labour)

Sir, The trouble with Mr Steel's plan for economic recovery is that, faced with the central divide in British economic policy between reducing unemployment or reducing inflation, he succeeds remarkably in offering the worst of both worlds.

The fundamental question is whether he is proposing a significant refutation of the economy or not. If he isn't (and it must be extremely doubtful whether his recipe of a modest expansion of PSBR plus a cut in M.L.R. would be anywhere near adequate to bring unemployment below one million within, say, five years, where does the recovery come from, and how would he stop unemployment going even higher? If he is, how would he avoid such a significant refutation being choked off by either of the two factors that have prevented sustained expansion in the past, namely a huge sucking-in of imports leading to a massive trade crisis and stop-go, and/or the revival of unacceptably high rates of inflation (for why should his long-term income policy succeed when all others have failed in the past?)

On the trade question, a sustained expansion of the British economy, and the sustained increase in manufacturing investment needed to underpin it, will only be secured by regulating broadly that the growth in manufactured imports

does not increase faster than the growth of the domestic economy. This should certainly not lead to retaliation abroad when the present policy of effectively import controls via high and rising unemployment is reducing our market for foreign goods much more.

On the inflation issue, a fundamental cause of this growing problem over the last two decades has been that when in the past governments of both parties have stimulated the economy, using a variety of tax reduction and increased public expenditure measures, industry has failed to respond by increasing production and investment to a similar degree because of their (not unjustified) fears that the boom will be short-lived and that most of the extra demand will benefit imports, not home production. This gap between the increase in money in people's pockets and the little or no increase in production is then filled by inflation. It should be precisely the role of agreements made with the largest companies to secure a co-ordinated expansion of the supply/production side of the economy to match the Keynesian expansion on the demand side.

It is this essential key to growth that at the same time offers the hope of steadily reducing inflation, which Mr Steel's proposals fatally lack.

MICHAEL MEACHER, Commons, January 14.

### Christmas and efficient production

From Mr J. N. Bryant

Sir, What a lot of nonsense is said and written about the two-week Christmas vacation which is now the norm.

When employees' holidays amount to two weeks a year these were naturally taken in the summer, but over the last few years large increases have taken place in annual holiday entitlement and as far as many organisations are concerned it is far more productive to take some of this at Christmas and fill in the non-Bank holiday days that occur between Christmas Eve and January 2 with part of the vacation.

This, surely, must be far more efficient than all the holiday being taken in the summer followed by a stop-go Christmas and New Year's holiday. In addition, of course, the energy consumed is considerably less as the large industrial buildings are generally not heated during two of the colder weeks of the year.

Yours faithfully, J. N. BRYANT, Managing Director, Brynmor Limited, Tonbridge Road, East Peckham, Tonbridge, Kent, TN12 5JX, January 9.

### Will jobs ever be found for the unemployed?

From D. G. Galvin

Sir, We are constantly being told by various business and financial organizations that the unemployment figures in Britain will pass the 2½ million mark in the first half of 1981, probably nudging 3 million by the end of the year.

On the other hand equally erudite experts advise that the silicon chips revolution will in due course do away with a large number of manual jobs in factories, offices and shops. How, then, will very many of the 2½ to 3 million unemployed ever return to their former manual modes of work? Will they be indefinitely suspended in a state of enforced "leisure" subsidized by the state?

Yours faithfully, D. G. GALVIN, Trewartha, Gormes Crossroads, Near Praa Sands, Penzance, Cornwall.

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هكذا من الأصل

David Blake

## Tax options for the next Budget

There has been a great deal of talk lately about the balance between different sections of the economy and it is this which may be the prime target of the Chancellor's measures

We know now just what the Chancellor of the Exchequer will present his Budget for 1981-82. But we do not yet know what he will say in it. Nor, reasonably enough, does he.

The period of purdah in which the Chancellor's work out his budgetary plans is only just beginning. But, even without leaks, it ought to be possible to make some intelligent estimates of the likely shape of the Budget, particularly since we have had part of it already in the form of the November 24 statement.

It now looks unlikely that there is much to come in the way of further overall tax increases. The extra revenue to be raised by the measures announced in November is predicted to bring the level of government borrowing down to about £10,000m in the next financial year.

Unless the outlook changes greatly, that implies that the Government will need to raise a maximum of about £1,000m to get borrowing down to a figure which sounds consistent with the medium-term strategy. There may even be a case for no increase at all. So, in that sense, the predictions of a tough Budget which some people were making before Christmas are wide of the mark. But the fact that the overall tax burden will, if this analysis is right, go up only slightly does not mean that we will all get off scot free.

There has been a great deal of talk lately about the balance between different sectors of the economy and it is this which may be the prime target of the Chancellor's measures. Put simply, we can look on the domestic part of the economy as being divided into three sectors—the personal sector, the public sector and the corporate sector.

As figures published last week showed, individuals did pretty well for themselves during 1980. Living standards in the third quarter of the year

were up by 2 per cent on a year previously. Another sign that people were not particularly depressed was the average wage, which the proportion of income saved went up quite sharply during the late summer to about 17 per cent, which is the highest level for many years.

But the relative well-being of the personal sector has been paid for at the expense of the companies for which many of them in it work. Gross profits are down sharply, reflecting the fact that companies have faced falling demand and higher costs, especially wage costs.

So the likely thing for the Chancellor to do is to try to shift some money back from individuals to the company sector by increasing the tax burden on the personal sector and cutting it on companies.

The most popular thing he could do as far as industry is concerned is to cut the special national insurance surcharge which employers have to pay. This has been pressed very hard by the Confederation of British Industry, but the cost of over £3,000m makes it probably too large a concession to give in a straightforward form.

The Chancellor has, in any case, a personal aversion to the idea on the grounds that it would reduce resistance to wage claims and would benefit the just and the unjust alike. There still remains at least a sporting chance that some cut in the surcharge will be made, either across the board or (which would be better)

selectively. Some industries are experiencing special problems at present, particularly because of the effect of the high exchange rate.

It would make sense to give them special help by cutting the surcharge either in certain industries or in certain regions. In political terms, linking any cut to depressed regions has obvious attractions, but it would slow down the rise in unemployment in those places where the problems are worst. But, on economic grounds, there is a strong case for basing any selectivity on giving help to those industries worst hit by current problems.

In practice, that means manufacturing industry, which has been hard hit by the rise in the pound. Since this in turn has been caused by a combination of North Sea oil and high interest rates—two factors which together have led to high profits for the banks and oil companies—there would be some neatness in financing concessions to manufacturing out of revenue raised from the banks and oil companies.

There has been a partial step down that road already with the announcement of higher rates on the oil companies. What about the prospect of extra taxes on banks?

That is perhaps the most open question of all. The case for doing it is that banks have gained windfall profits as a result of the high interest rates needed to implement the Government's monetary policy. They have done nothing to deserve these profits and have

used them to finance absurdly high pay increases which stir up a sense of injustice elsewhere.

It thus makes sense to recycle these profits back to the manufacturing industry which provided them in the first place. The case against this is that the banks are no longer remunerable and taxing them would in any case risk bringing down the whole structure. Without advising anyone to place a bet on the balance may swing at the end against extra bank taxes.

As well as cuts in the national insurance surcharge we are likely to see other attempts to help industry which will cost money. Some concessions will emerge from the joint working party on energy prices, which will cut down the Government's take from the energy industry. Sir Keith Joseph is turning out to be a high spender at the Department of Industry, just as he was in his days at Health and Social Security. The bill for companies such as Rolls-Royce and B.L. looks likely to be a big one.

Where will the money come from for all this, given that the Government is certainly unable to afford to bring in a Budget which actually increases the level of borrowing? The obvious increases in duties on drink, tobacco and petrol look likely

to go ahead—indeed, they have been assumed in drawing up the forecast of £10,000m—if policies are unchanged. By announcing his Budget before the start of the financial year, the Chancellor will get more than usual from this source.

But the other obvious area remains income tax, though the standard rate of 30 per cent has been sacrosanct.

The Chancellor does not like the way in which indexation has spread in the economy and there is a strong probability that increases will not go ahead fully in line with inflation. Inflation is the "Rock of Wages" provisions: costs: Government about £2,500m. If allowances went up by only 10 per cent, instead of the 15 per cent required under automatic indexation, the Government could save more than £2,000m.

This is an increase in income tax, but it is a concealed one, just as the increase in employee insurance contributions is much the same as a tax rise. So the real burden of income tax will rise next year to cover for help to industry and to keep down the level of government borrowing.

This shifting of the burden of taxation makes sense, but it will not be its own guarantee of recovery. For that to happen the Government will have to pump an overall increase in demand into the economy or trust to the hope that things will in time recover of their own accord.

And when in March the Budget is greeted by a general sense that it is less tough than expected, remember that part of the reason for that is that we have had part of the Budget already in November.

The year just gone saw a fancy kind of boom for the personal sector, during which wages ran ahead of prices to push up living standards. In 1981 wages are expected to rise more slowly than prices and the real burden of tax on the individual will go up. All those savings put aside last year could come in handy after all.

## Why the Germans invest in sure-fire losers

Frankfurt. Germany's "grey" capital market has had its best-ever year.

In 1980 tens of thousands of prosperous citizens poured an estimated 3,600m to 4,000m Deutsche marks (£780m-£870m) into a host of more or less exotic projects at home and abroad.

The grey capital market has been used to finance a film, a private rocket launching company in Tonga, transport facilities in Zaire, and block up of holiday apartments in almost every area of the world that has ever claimed to be a tourist's paradise.

But it is doubtful whether the assorted doctors, dentists and company directors thought first of the preconditions of box office success: the economics of rocketry or the transportation requirements of the "Friendly Isles" when signing their cheques. For the first essential of investments on the grey capital market is that they should offer losses.

Advertisements promising "losses" well in excess of any capital to be invested attracted more money last year than was raised through new share issues on the West German stock exchanges. The magic formula that makes sense of this apparent nonsense is that the losses offered in the initial phases of such projects can be set against an individual's taxable income from other sources.

For a modest investment of a few thousand pounds the individual can reduce his or her income tax bill to zero and one day even his share in a

year, a shock wave was sent through this rapidly growing part of the German financial world. Herr Jochem Erlmann, one of the most flamboyant operators on the grey capital market, was arrested on suspicion of embezzling investors' funds.

Herr Erlmann, who was arrested in Cologne, has been accused by a D-Praxis state prosecutor of having embezzled DM1.9m as a member of the supervisory board of Concruck Industrie-Güter. Investigations are also being made into two other companies called Normbert and Concruck, and the chief executive of one of the country's biggest engineering groups among the victims of the alleged fraud have inevitably prompted people to ask what it is that makes people so apparently willing to invest in such enterprises.

Strangely enough, one answer may be the generally high level of tax morality in the country. Whereas in Belgium

not only contemplating its position or Italy the prosperous professional man might be inclined to defraud the tax authorities, most Germans seek to pay as little tax as possible while respecting the rules set by the authorities.

A second point is the absence of any other attractive haven for risk capital. The people who trusted Herr Erlmann may have come unstuck, but perhaps thousands of others have been well rewarded through risking money in apartment blocks along the not so warm North German coast or in distant South American grazing as investments.

In contrast, investors have little to show from investment in shares. Last year was another disappointing period for German stock exchanges. In general, companies that are apparently well placed to raise their share prices are hesitating to cut payments when conditions deteriorate.

The activities of the tax saving companies are a worry for

the West German Government, but so far attempts to limit the scope of their activities has not prevented the growth of the sector as a whole as entrepreneurs develop new "models" to circumvent the regulations.

The obvious willingness of investors to provide risk capital in the hope of reward is a problem for the Government to suggest that the Government and banks should act to make shares an attractive investment medium once again. The French Government has provided an example close at hand of how to stimulate popular interest in equities.

At a time of recession, such a policy would help to ensure that the surplus millions of Germany's prospering professional classes found their way into the investment market rather than churning profits that could prove to be worthless as well as loss making.

Peter Norman

## Technology

## Venturing out of the ivory tower

The National Research Development Corporation offers assistance to scientists to assist the transfer of technology from academic institutions to industrial companies. The offer is made by the corporation in its booklet *NRDC and the academic researcher*, but how effective the technology transferred?

The accusation that good science in Britain's universities tends not to emerge in the shape of good products in the world outside has been a familiar one over many years.

That accusation is less true now than it has been in the past. On the evidence of a conference on industrial innovation from university research, held last week in Manchester, inside a fair number of professors of science and technology there are keen entrepreneurs struggling to get out.

Indeed, a fair number of their brainchildren do emerge and are marketed successfully. Some with NRDC help and some without. Cephalopoda antibiotics, which originated in research at Oxford University and Medical Research Council laboratories, continue to be the corporation's biggest revenue-earner; and the number of inventions communicated to the NRDC by university researchers continues at the steady annual level of more than 400 (out of a total of about 1,800).

As the NRDC is now telling the academic world, the corporation is there to help in the exploitation of inventions from universities and polytechnics. This is one of its statutory functions. In parallel, there are several other routes out of the ivory tower and into the marketplace.

A number of interesting case histories were recounted at the Manchester conference, which was held by the NRDC at Manchester University Institute of Science and Technology (UMIST). Two of these examples did not in fact involve the corporation, but served to illuminate some sound basic principles.

Professor Brian Pullen, of Manchester University's medical biophysics department, described the Magician image analyser, a computer-based machine which can give detailed

measurements from a television microscope or X-ray image. Development of the Magician was a joint development by the university and the Joyce-Loeb company, arising from a company salesman's visit, a university suggestion for an improved product, and an agreement for joint development.

The company paid the salary of one university engineer and seconded one of its own staff (later to return to the company as project manager) for the two-year development phase. The university provided facilities and ideas.

Backing from the Wolfson Foundation helped at a later stage, while the Wickers took over the production of the product. The entire project was dropped. Despite legal difficulties, the project survived and a Mark 2 version of the Magician appeared last month.

Professor Pullen noted the following factors: a competitive product was produced in a short time by doing development and production engineering in parallel; total expenditure was minimised by making use of the respective facilities; good communications were ensured by the seconded company man ("He poured oil on storms in tears"); there was continuous product development; and there was a viable unit in the university for helping industry.

A good example of the kind of rapid transfer of technology that the NRDC likes to see. Professor Pullen did not believe that the corporation could have assisted materially in facilitating the initial company/university contact, but agreed that NRDC finance at a later stage might have been appreciated if the Western support had not been forthcoming.

Professor Michael Hampshire, professor of solid-state electronics at Salford University, described the creation of two subsidiaries of a local company which were based on university technology.

The first was a spin-off from university work (partly supported by the NRDC) on vibrating devices known as piezo ceramic horns. An acoustic device for a student project led to a range of audible alarms which were greatly

in advance of the then available commercial products. Patents were taken out and an industrial partner was sought.

Here again, it could have been appropriate for the NRDC to assist at this stage, but this role was handled in the event by the university and an industrial unit. Ward & Goldstone of Salford took up the idea and one of the coinventors moved from the university to join the company and became general manager of a new subsidiary, Pensec, which has been selling the alarms and developing new ones.

Ward & Goldstone then asked Professor Hampshire how the electrical wiring harnesses of motor cars and, following his advice, suggested inventing a microelectronic equivalent. Professor Hampshire came up with a microelectronic system which he called Salplex (from Salford Multiplex) and which he patented.

A prototype system was installed, developed and tested in a second car and later in a new car which was demonstrated to Ford.

An improved version was developed, but it was realised that full development would be very expensive and more industrial muscle was needed. The General Electric Company, which had supplied microelectronics for the system, then took a 60 per cent share in Ward & Goldstone's Salplex subsidiary and is now pursuing the next stage of development.

Professor Hampshire also stressed the value of close links between the university and the company. In this case the links included the professor's acting as technical adviser to Ward & Goldstone. He urged his fellow academics to think commercially, which British universities needed. It was not necessary, he suggested, to stick to one's own discipline. ("My research discipline is neither buzzers nor car electronics").

Many universities have set up their own industrial units and consultancy companies. Only this week a new industrial unit at the University of Kent at Canterbury.

Kenneth Owen

BY THE FINANCIAL EDITOR

## UDT comes under offer

Long-term strategy clash with short-term opportunism in the Lloyds & Scottish bid for UDT. The £106m share and cash offer will initially cause some serious dilution in L & S profits: it will enlarge the equity base by some 60 per cent while earnings are not likely to grow by much more than 20 per cent assuming profits of some £35m for Lloyds & Scottish and, say £7m for UDT.

That is taking out of the picture UDT's own proposals to merge its United Kingdom consumer credit side with the Trustee Savings Banks. Should that deal go through UDT could look forward to profits of some £15m. This is one reason why the offer of 55p, a shade over assets value—but well above the 42p in the market—is not over-generous, but because of the dilution, it is difficult to see L & S going very much higher.

For UDT, however, the prospects are not all that glum if it goes ahead with the TSB deal. So while UDT is keeping its powder dry and says nothing, it is likely to resist the bid.

On a longer view the logic of a merger with Lloyds & Scottish becomes more apparent. UDT's non-consumer credit activities, including the International Consumer Clearing House, car leasing and industrial interests, would provide a strong counter-cyclical influence to consumer credit.

Moreover, geographically, L & S's strength in the North and Scotland would fit in well with UDT's good spread in the South. Together the joint group would be up with the big groups as number three among finance houses behind Mercantile but in line with Forward Trust. Meanwhile UDT shareholders should not rush to sell in the market. Any outcome will eventually be decided by Eagle Star and the Prudential which together own 37 per cent of UDT.

## Grand Metropolitan

## Liggett starts to contribute

Grand Metropolitan's results package—an 11.8 per cent increase in profits to £152m, a 15.1 per cent increase in the dividend and property revaluation producing a book surplus of around £550m—saw the share price up by 8p to 145p yesterday.

The impetus of course has come from its acquisition of the United States Liggett Group last year which has contributed £22.4m in four months before financing charges which in turn are largely responsible for a £17.3m increase in group interest charges to £61m.

Nevertheless, Grand Met's balance sheet remains strong with the revaluation surplus bringing gearing down to 46 per cent even after allowing for the net borrowings of around \$475m taken on to finance the Liggett purchase.

The intriguing point about the current year is not only that Liggett will contribute fully (and it is obviously performing up to expectations) but also the extent to which Grand Met could benefit during a period when interest charges on both sides of the Atlantic are coming down and, with luck, when the sterling rate (a major deflationary factor on last year's profits, particularly in the hotels and wines and spirits divisions) should start to ease.

With 40 per cent of earnings now made overseas, the impact would be considerable. And even at home Grand Met appears better able than some to cope with the stresses of the recession; the overall performance from the rump of the business was flat in the second half but nevertheless as like brewing, where others are suffering from excess capacity at a time of weakening demand, seem to be standing up well suggesting increases in market share.

Grand Met now yields 6½ per cent on a dividend that would still be covered twice under current cost accounting. Clearly—as the abortive attempt to buy Coral demonstrated—it does not feel restricted by the recession.

Official Government recognition that the public sector borrowing requirement will now overshoot last November's revised estimate (of £11,500m) did no good for the uncertain gilt-edged market yesterday. But the authorities must clearly be hoping that having pushed out the bad news, the market

will now stabilize sufficiently for them to get their funding moving again.

On the plus side the latest Treasury forecasts seem to be painting a much brighter picture than commonly expected on the PSBR prospects last year; starting remains extremely firm, pushing up to a new five-year "high" against the Deutschemark yesterday; and institutional coffers should be replenished by large interest payments over the rest of the month.

But just how much investors are currently prepared to take on trust is another matter. The PSBR forecasts are clearly dependent on the line being tightly held on public sector pay, while the market would clearly like the additional reassurance from the January banking figures that the trend in the growth of bank lending to the private sector really is continuing on a downward path.

## BET Slowing down

British Electric Traction's curt statement that the normally stronger second half would not be much different from the first, sent the shares down 5p to 119p.

Interim pretax profits were down from £30.4m to £28.0m and BET is implying a full-year outturn of about £56m—a drop of around one-fifth. The construction-related activities have been among the worst hit by the recession, while profits from publishing have also been under pressure.

However, the group's associated companies provided a timely boost. Thames Television, hit the previous year by the TV strike rebounded from loss to profit and this along with a higher contribution from Initial Services explains doubled profits from associated companies of £4.7m.

Otherwise it has been a story of deepening recession stemming progress and although borrowings did not rise during the half-year, interest charges were up from £7.9m to £12.2m excluding North Sea financing.

A higher tax charge because of further losses on Hongkong television left earnings down by nearly one-third despite the smaller fall pretax. However, a maintained final dividend, in line with the interim, looks likely. A 9.1 per cent yield is good support for the shares until BET resumes its onward march and further ahead in 1983 there is a prospect of cash flow from the Maureen Field in the North Sea, where the group has a 5 per cent interest.

## S. &amp; W. Berisford

## A return to growth

After a slowdown in 1979, S & W Berisford, the commodity trader with ambition to buy British Sugar Corp., recovered its remarkable growth momentum last year. Profits increased by 12 per cent to £36.1m, while turnover rose in line by 13 per cent to £2,452m.

Interest charges—up 13 per cent at £11.8m—might have been less if the company year had not ended on September 30, and if it had benefited for more than two months from the £28.5m rights issue. Even so, second half charges were about £1m less than in the first half.

Berisford now proposes a one-for-two scrip issue, a move which together with a necessary increase in authorized capital may be interpreted as preparing the way for a bid for British Sugar, should the Monopolies Commission allow it.

The crucial issue in any bid's success, however, must be how the market and shareholders see Berisford's performance this year. Although cocoa prices are historically low, the company's position as the world's biggest cocoa trader must stand it in good stead, and it seems set to increase business with the Ivory Coast.

Other interests such as the metals and food processing subsidiaries could probably make a larger contribution. Profits of around £42m seem possible. Certainly the market took a kind view, the shares gained 6p to 183p, where they yield 7.6 per cent after the expected 30 per cent increase in the total dividend to 13.9p gross.

## Business Diary: Who's not who • Brass tax

The EEC Commission is setting new standards in planned obsolescence. Today it produced its latest directory\* containing names of the Commission members and the leading officials in its 20 different directorates general.

The only trouble is that the information relates to the position as it was in October, 1980, and therefore takes no account of the fact that a new Commission has been in office since the beginning of this year.

The reason for this monumental waste of public money seems to be none other than bureaucratic routine. The Commission produces a new directory every six months and when the time came to draw up the present edition in October of last year, nobody stopped to consider that it would be out of date by the time of publication.

The Commission presidency is, according to this document, still filled by Roy Jenkins. The social affairs commissioner is named as Henk Vredeling and not Ivor Richard as at present. The energy portfolio is apparently in the hands of Guido Brunner, who was known to be leaving Brussels as soon as the West German election results came through.

The directory is hardly a good advertisement for Commission efficiency. Nor is it very informative. At the very least, it might have provided the telephone extension numbers of the people listed, so that the reader could get in touch with those people who are still in Brussels.

\*Directory of the Commission of the European Communities, published by the Office for Official Publications of the European Communities.

Belgium's pigeon fanciers are facing up bravely to the unpleasant fact that Wilfried Martens, the Prime Minister, is striking out everywhere in his attempt to improve the finances of his chronically indebted country.

While government plans for wage restraint and higher social security contributions may have captured newspaper headlines, the country's racing pigeon enthusiasts are facing a 455 per cent increase this year in the taxation of their hobby.

For the first time in nearly 50 years the tax levied on the rings worn by racing pigeons is going up. While most price increases in Belgium are linked

to the cost of living, the Martens government's plan is to increase the tax on pigeon rings to five francs (65p) this year and 10 francs next—more than 1:10 francs.

Such an adjustment might appear unduly harsh, but it has provoked hardly a flutter of resentment in the pigeon fanciers' pubs.

In these establishments, where owners traditionally gather in smoke-filled rooms to discuss the future of their sport, there is in fact a general sense of relief. This is because, as a result of some persistent lobbying, the Martens government was persuaded to drop plans to levy taxes on racing bets as well.

person who acquires it. A cheque book of 50 is worth £2,500. It is as simple as that. He would not say that there had been any material improvement since the move to encourage the use of smaller cheque books started last July.

"If I said anything like that, it would only encourage them to be thinking of something else," he said, adding glumly: "I should have made it clear these people do not have to have a cheque card to get their hands on the proceeds. They are quite capable of knocking up cards of their own if necessary."

National Westminster bank at least be complimented on the discretion with which they took this security step. The professional fraudsters may have known all about it long ago, but yesterday the Banking Information Service confessed that they had never heard of it. Nor had National Westminster's competitors.



● The Economist Intelligence Unit will have to rename itself the Economist Irritation Unit if it publishes many more reports like No 32, the latest from its series on matters monetary, David Phillips.

● Entitled "Tax Savings for the Expatriate Executive and Manager in Western Europe", (ETU, £40), the report is undoubtedly full of intelligence, but is also replete with waffle.

● The British, thought of as "pragmatic and commonsensical", display neither in legislation, which Phillips says is the most insanely complex of any country in Western Europe.

● The British, he concludes in a review of five European nations, alone in the world conceive of tax as a moral question. He notes that scarcely a voice was raised in support of Enoch Powell after his Morecambe speech in which he advocated the halving of income tax.

● The confusing distinction between tax "avoidance" and "evasion" is not made in other languages and, while in English lay guides to not paying the Inland Revenue too much are given sedate titles like "Income Tax Guide", a comparable work in Belgium is called *Ne Payez rien de trop au fisc!* and in France *La défense des revenus*.

● Yet it is a one-sided morality, for as Phillips points out, the tax man says it is up to taxpayers to claim their correct allowances properly: if they do not, and pay too much tax, then it is just too bad.

● Tucked away at the back of the Erika Court Book Show is something that might cause a shudder of apprehension among Britain's boatbuilders. It is the first sailing craft to be exhibited in Britain which bears the famous name of Yamahachi.

● But Harry Kalverboer, a Dutchman who is Yamahachi's marine division manager in Europe, tells me that the company has no intention of flooding the European market with cheap mass-produced yachts. It will concentrate on quality rather than price and does not expect to sell more than five or ten boats a year in Britain.

● Although sailing has become popular in Japan, its growth is limited by the strength of the fishermen's lobby which objects vociferously, and usually successfully, to any new proposed marina. Such is the shortage of berths that, at the so-called Tokyo marina, boats are parked on shore at an annual rent of about £2,000; it costs £10 to have the vessel lifted into the water and another £10 to have it lifted out again.

● A chap I know is still sensitive about being divorced so soon and so expensively after his marriage. He told me yesterday that he demurred at an invitation to be best man recently on the ground that a man should not play a star role in someone else's marriage when he had but a cameo role in his own.

Ross Davies



## FINANCIAL NEWS

## Stock markets

## Spending fears bring heavy selling of gilts

Confirmation of the Government's overspending brought a sharp shake-out in Government securities yesterday.

This came after a speech by the Financial Secretary, Mr Nigel Lawson, who told the Society of Economists that the Government's borrowing requirements were likely to exceed the budgeted £11,500m.

As a result, heavy selling of gilts resumed yesterday, after overnight weakness, with prices generally closing at their low for the day. Even the money supply figures, which were as expected, with a 0.5 per cent increase, failed to lighten the load.

In long, initial falls of 1/2p were extended to 1/2p despite attempts of a rally after hours. At the shorter end of the market, falls were restricted to around 1/2p in fairly tight trade, although buyers did come in for Treasury bills at 105 per cent, 1985, unchanged at 115, ahead of going ex div today.

Meanwhile, the former trend continued in equities as bear closing produced a small technical rally and put a brake on the weakness which has been the main feature of this account. Oils also displayed a firmer appearance, but electricals faded after attempts at a rally earlier in the day.

Nevertheless, dealers still remain worried by the continued gloomy economic and industrial news which has successfully deterred investors and pulled share values steadily lower. But the thin conditions which prevailed were partly responsible for the rise in the FT Index of 2.5 to 448.5.

Leading industrialists fluctuated in relatively narrow limits for most of the day and by the close displayed a mixed appearance.

The two bright spots were Grand Metropolitan, up 7p at 145p, after a healthy increase in the profits and dividend payment and accompanied by a property revaluation and GKN up 8p at 146p. This, in turn, brought a ripple of excitement to the market. Other reports next week, rising 4p to 179p.

Elsewhere, rises were seen in Glaxo, 2p to 248p, and Dunlop, 1p to 53p. But falls were witnessed in ICI, down 2p to 296p, Unilever, 3p to 438p, and Blue Circle Industries, 4p to 326p.

Business after hours saw details of a £59m bid for United Domestics Trust from the other big finance group, Lloyds & Scottish. Shares of UDT quickly rose 12p to 52p following the 55p-a-share offer, but Lloyds & Scottish retreated 4p to 142p.

An inquiry is expected into dealings as a result of heavy activity in the shares ahead of the announcement.

Also in financials, London United Investments expanded 1p to 185p, with Mercantile House awaiting figure, 20p lower at 56p.

In shipping, shares of Stag were suspended at 61p pending an announcement from the company. Dealers last night were anticipating the possibility of a reverse takeover.

Line returned from suspension 85p higher at 355p following the bid from Huntingdon, while Ropner Holdings, with a 25 per cent stake in the former, hardened 5p to 174p, having already agreed the terms. In the meantime, the seamen's strike had a depressing effect on European Ferries, down another 2p to 142p.

Shares of Soter Electrical The pending placing by broker Burnshaw East of Soter Sound, the Tottenham Court Road video concern, founded by Lionel and Sidney Astor, should it be thought, see 562,500 shares being made available to the market at a price of 80p a share.

were suspended at 61p pending an announcement from the company. Dealers last night were anticipating the possibility of a reverse takeover.

Racal was a better market, climbing 4p to 288p, despite rumours of pending litigation in the United States which was discounted in most quarters.

Others to show a recovery, included Farnell Electronics, 2p to 344p, Bowthorpe, 6p to 154p

## Latest results

| Company              | Sales      | Profits   | Div       | Pay       | Year's |
|----------------------|------------|-----------|-----------|-----------|--------|
| Int of Fin           | 44,774,461 | 0,251,195 | 2,012,553 | 0,792,444 | 2/3    |
| Assoc Paper (F)      | 4,474,461  | 36,132,21 | 28,277,7  | 6,515,4   | 7/4    |
| S & W Beristoff (F)  | 2,452,170  | 36,132,21 | 28,277,7  | 6,515,4   | 7/4    |
| RET (I)              | 444,384    | 27,930,4  | 7,410,5   | 1,813,8   | 9/4    |
| City & West Town (I) | 0,480,451  | 0,080,451 | 0,250,1   | 0,250,1   | 15/4   |
| Dixons Photo (I)     | 114,116    | 5,013,92  | 1,312,21  | 2/3       | 3/33   |
| Grand Met (I)        | 2,582,170  | 152,135   | 23,321,8  | 3,732,2   | 6/3    |
| Halet Props (I)      | 0,540,37   | 0,231,019 | 5,04,8    | 1,01,0    | 5/3    |
| Woodrow Wyatt (I)    | 2,312,22   | 2,240,91  | 2,240,91  | 2,240,91  | 1/3    |
| Woodrow Wyatt (I)    | 2,312,22   | 0,663,26  | 0,663,26  | 0,663,26  | 1/3    |
| Woodrow Wyatt (I)    | 2,312,22   | 0,663,26  | 0,663,26  | 0,663,26  | 1/3    |

Dividends in this table are shown net of tax on pension per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. \* Loss.

## Briefly

**Icelandic issue:** Hambros Bank reports that the Republic of Iceland £15m 1/4 per cent stock 2016 has been placed with United Kingdom and overseas institutions. The stock is payable as to £200,000 per cent of £100,000 nominal of stock on acceptance, with the balance due by March 27 1981. Hambros Bank managed and underwrote the placing. Rowe & Pitman and W. Greenwood & Co acted as brokers to the placing. Application has been made to list the stock on the London Stock Exchange.

**Bates Properties:** Sales for half-year to September 30, 1980, up from £371,000 to £548,000; pretax profits up from £190,000 to £235,000. Interim dividend unchanged.

**Narrow Hepburn takeover:** Barrow Hepburn has acquired Cradley Rubber of Lye, Stourbridge, for £225,000.

**Ace Belmont Investment:** Turnover for year to August 31, 1980, £28,000 (£24,000). Dividend unchanged at 2.5p. Profits, £511,000 (£2,07m). Equity is all privately held.

**Kenning Estates (equity all held by Kenning Motor):** Turnover for year to September 30, 1980, £11,77m. Pretax profits, £3,04m (£1.8m). Properties revalued at September 30, disclosing surplus of £3,45m.

**Independent Investment Co:** Pre-tax income for half year to December 31, 1980, £154,000. Results for the half-year to December 31, 1979, not comparable. Earnings should not be taken as an indication for the full year. Teaclem: Teaclem's offer for Orbit Controls now unconditional. Acceptances received for 99.3 per cent.

**Greenfriar Investment:** Gross revenue for year to December 31, 1980, £264,000 (£24,000). Dividend unchanged at 2.5p. Profits, £511,000 (£2,07m). Equity is all privately held.

**Tomkins:** Carparts. Board reports that the outlook for 1981 is reasonably optimistic. Company is experiencing some revival in rug sales, particularly in Oriental and Berber styles.

**Capro:** The private investment company which has said it may mount a rival bid to Hanson Trust's £13m takeover approach for Central Manufacturing & Trading has acquired a further 120,000 shares at 51.25p. This brings its stake to 20.6 per cent.

**Painbois:** The South African copper mine 33 per cent owned by Rio Tinto-Zinc, raised output last year by 3,000 tonnes to 114,000. Sales however were only up by about 400,000 tonnes to 113,000 tonnes. Higher production was achieved despite a fall in the average copper grade to 0.44 per cent. The depressed uranium market kept sales down to 96,000 kilograms, compared with 125,000 in 1979.

**Colmore Jewellers:** The group of Nesco Investments, Mr Trevor Trefgarne, has written to members of Colmore urging acceptance of the Nesco offer, which has been extended to January 28. He says that acceptance to January 13 totals 380,817 shares. With £21.61 per share, the group has 400,000 bought since, they have 38.1 per cent of the Colmore capital.

## MONEY SUPPLY

Figures released for the monthly amount of money stock seasonally adjusted at the mid-month dates.

|      | M1    | M2    | Private sector | Official |
|------|-------|-------|----------------|----------|
| 1979 | £000m | £000m | £000m          | £000m    |
| Dec  | 27.7  | 56.8  | 108.4          |          |
| Jan  | 27.7  | 56.8  | 108.4          |          |
| Feb  | 27.7  | 56.8  | 108.4          |          |
| Mar  | 27.7  | 56.8  | 108.4          |          |
| Apr  | 27.7  | 56.8  | 108.4          |          |
| May  | 27.7  | 56.8  | 108.4          |          |
| Jun  | 27.7  | 56.8  | 108.4          |          |
| Jul  | 27.7  | 56.8  | 108.4          |          |
| Aug  | 27.7  | 56.8  | 108.4          |          |
| Sep  | 27.7  | 56.8  | 108.4          |          |
| Oct  | 27.7  | 56.8  | 108.4          |          |
| Nov  | 27.7  | 56.8  | 108.4          |          |
| Dec  | 27.7  | 56.8  | 108.4          |          |

Monthly change in sterling M3 and domestic credit expansion

|      | Domestic credit | External debt | Non-sterling | Sterling |
|------|-----------------|---------------|--------------|----------|
| 1980 | £000m           | £000m         | £000m        | £000m    |
| Jan  | 738             | 104           | 149          | 495      |
| Feb  | 738             | 104           | 149          | 495      |
| Mar  | 738             | 104           | 149          | 495      |
| Apr  | 738             | 104           | 149          | 495      |
| May  | 738             | 104           | 149          | 495      |
| Jun  | 738             | 104           | 149          | 495      |
| Jul  | 738             | 104           | 149          | 495      |
| Aug  | 738             | 104           | 149          | 495      |
| Sep  | 738             | 104           | 149          | 495      |
| Oct  | 738             | 104           | 149          | 495      |
| Nov  | 738             | 104           | 149          | 495      |
| Dec  | 738             | 104           | 149          | 495      |

## No Muirhead payout after £2m loss

By Margaret Pagano

High technology specialists Muirhead shocked the City yesterday with news of heavy losses and the passing of its dividend for the year to September. The shares, which last year peaked at 272p, fell 15p to 257p but lifted to 265p by the close.

The defence components and data facsimile equipment manufacturer, headed by Sir Raymond Brown, reported a pre-tax loss of £2.24m compared with profits last year of £911,000. Sales were marginally higher at £25.15m against £22.5m.

The main problem, said Mr Donald Buchanan, company secretary, was the closure of the Morden rotary components factory which had been badly hit by squeezed profit margins, high overhead costs and excess production capacity. The bulk of the factories' work has been transferred to its long-established Beckenham plant, where output was briefly disrupted by production problems. The closure costs were included in the £51,000 of extraordinary losses which also covered redundancy costs. The cuts in the 1,500 workforce, mainly at Morden, meant the loss of 400 jobs.

Although sub-contracting orders from Muirhead's customers, such as Plessey, GEC and Plessey, are "reasonable", the real problems were those of costs and excess capacity, he said. And selling through its overseas subsidiaries, in France and Germany in particular, was hit by the strength of sterling and exchange losses. The overseas trading loss was £501,000 against profits last time of £82,000. Many foreign customers switched to more competitive products.

## Tin agreement extended

By Michael Prest

After months of wrangling, the International Tin Council has agreed to extend the International Tin Pact by another year from July 1. It is hoped that the move will buy sufficient time to obtain a sixth agreement. The existing agreement would have expired on June 30.

Discussions on a new agreement were held in Geneva last month but broke down on whether there should be a buffer stock of tin. The size and the continuation of export controls. The United States was particularly insistent that there should be a buffer stock but enough to make controls unnecessary.

The discussions have come at a difficult time. Tin prices have fallen sharply in the last few days, the London Metal Exchange three-month contract closing at £6,160 a tonne yesterday.

One factor overhauling the market has been the decision by the United States General Services Administration to sell 30,000 tonnes of the metal from its stockpile. No sizeable sales have yet been made, however.

## Hongkong code may be amended

The Hongkong Securities Commission said yesterday that the company takeover code should have a clause that would require shareholders owning 35 per cent of a company's issued share capital to make a general offer to other shareholders.

The acquisition of shares between 35 and 50 per cent should be limited to 3 per cent.

## Expansion at ICI Australia

A £137m development programme is outlined in the annual report for 1980 of ICI Australia, the local subsidiary of Imperial Chemical Industries.

Plans include expansion of the plant in Sydney and the building of plastics and fabrics factories in Melbourne.

Net profit of ICI Australia fell by about £1.7m in the year to about £34m.

## German utility lower

Group net profits of Rheinisch-Westfälische Elektrizitätswerk, the West German public utility, fell to DM489m (about £100m), against DM570m, in the year to June 30. Group turnover advanced to DM18,260m

## Wigfall slumps in first half

By Margaret Pagano

High borrowings and depressed trading continued to beset the electrical retailer, Henry Wigfall, at the halfway stage of a decision to pass the interim dividend despite cost reductions and lower borrowings is a sign of caution.

Pre-tax profits fell to £63,000 in the six months to October compared with £128,000 last time. Sales crept ahead to £22.3m, against £22.2m, reflecting the worst trading period, which started last April the group has experienced. But this disguises real growth in trading profits, which rose to £4.62m, against £4.33m last time.

Depreciations charges were higher at £3m and interest charges advanced to £1.48m, compared with £1.24m. The interim dividend last time was 4.2p gross. The share price, which has tumbled a long way from its high of 250p, dropped 5p to 151p on the news.

In line with aims set out last year by Mr Michael Abbott, the chairman, that borrowings must be lowered, the group has seen a £3m reduction to £10m since the last year end to March 4. A further £1m is expected to be knocked off the total by this year end.

Rationalization plans introduced last year to cut costs and widen the group's product range included the closure of 18 shops and 200 redundant staff. These measures continue, but Wigfall indicates that it has seen "reasonable" trading patterns pick up since October with Christmas trading noticeably better.

As long as sales, margins and costs are maintained at present levels it expects to pay a final dividend. Last year's final was 15p gross, making a total of 19.3p.

Mr Richard Morrell, the managing director, said yesterday that passing the dividend was a cautious move at this stage, despite the indications that trading was recovering. Profits from the second half of the year are usually higher but the first half has been expected before 1981 to 1982. The group's six fashion shops are faring worse than its electrical outlets. He added that no bid rumours had reached Wigfall recently, but speculation last October that Currys had been looking at the group. Three years ago Wigfall carried out a successful takeover defence against Comet.

Last year profits were £108m on sales of £44.25m.

## New Life Business

Guardian Royal: Guardian Royal Exchange Assurance's total United Kingdom new annual premiums for 1980 showed an increase of 8 per cent over 1979 and reached £26.8m (£24.9m in 1979), while new United Kingdom single premiums were 3 per cent up at £15.8m (£15.3m). Net new sums assured in the United Kingdom were 25 per cent higher at £2,535m (£2,024m), while new annuities grew by 15 per cent to £86.8m (£75.7m). New annual premiums for 1980 showed an increase of 8 per cent over 1979 and reached £26.8m (£24.9m) in 1979, while new United Kingdom single premiums were 3 per cent up at £15.8m (£15.3m). Net new sums assured in the United Kingdom were 25 per cent higher at £2,535m (£2,024m), while new annuities grew by 15 per cent to £86.8m (£75.7m). New annual premiums for 1980 showed an increase of 8 per cent over 1979 and reached £26.8m (£24.9m) in 1979, while new United Kingdom single premiums were 3 per cent up at £15.8m (£15.3m). 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